

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

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

**MINUTES OF FRIDAY, FEBRUARY 22, 2019 @ 9:00 A.M.**

**Notice Published: February 17, 2019 - *Omaha World Herald*  
February 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, Marlin Brabec, George Achola, Herb Freeman, Galen Frenzen, Warren Arganbright and Michael Walden-Newman

Board Members Absent: Steve Wellman

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, Agricultural Programs Manager Dudley Beyer, Outreach Program Manager Elizabeth Fimbres, Accounting Manager Michaela Mallery, Deputy Director Christie Weston and Manager of Community Development & Research John Turner

Guests: Jeff Gertz – J.P. Morgan, Pam Otto – DED, Rob Woodling – Foundations Development, Cindy Kooster – MHEG, Ryan Harris – MHEG, Teresa Kile – Kile Consulting, Misty Danke – GKB, Topher Hansen – CenterPointe, Megan Wright – Cline Williams LLP, Erika Lynch and Patti Peterson – Kutak Rock LLP

**1. Call Meeting to Order and Roll Call**

Chair Rippe called the meeting to order at 9:05 a.m. with seven 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, February 17, 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 Freeman, seconded by Frenzen to go into closed session at 9:07 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, Achola – yes, Walden-Newman – yes, and Rippe – yes. Motion carried unanimously.

Prior to the closed session, the following statement was read by the 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.”

**Closed Session**

Board Members met in closed session from 9:07 a.m. until 9:27 a.m. Moved by Frenzen, seconded by Achola to go into open session at 9:27 a.m. Roll Call Vote – Rippe – yes, Achola – yes, Arganbright – yes, Brabec – yes, Freeman – yes, Frenzen – yes and Walden-Newman – yes. Motion carried unanimously.

Chair Rippe reiterated that the copies of the Open Meetings Act were posted on the side wall and also located on the table as you enter the room.

- 3. Review and Approve Resolution, if any, Resulting From Closed Session**  
No action resulting from Closed Session.
- 4. Approval of the December 14, 2018 NIFA Board of Directors Meeting Minutes**  
Moved by Frenzen, seconded by Brabec to approve the December 14, 2018 NIFA Board of Directors Meeting minutes. Roll call vote – Frenzen – yes, Arganbright – yes, Achola – yes, Walden-Newman – yes, Rippe – yes, Freeman – yes and Brabec – yes. Motion carried unanimously.
- 5. Executive Director’s Report**  
Tim Kenny recently returned from the annual meeting of the National Association of Home Builders, of which he is a member and serves on several committees. Tim reported on a proposed tax bill which would include a provision which would increase the annual amount of federal low income housing tax credits by fifty percent, and an announcement by the FHA Commissioner that the loan limits for FHA Title I loans (for home improvement) will be adjusted this year for the first time in decades. Tim also shared with the Board an economic report issued by the National Association of Home Builders.
- 6. Public Comment related to the February 22, 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.
- 7. Private Activity Cap Summary**  
Judy Krasomil reported on the Private Activity Cap Summary, updating the Board on allocations to date for 2019.
- 8. Quarterly Report on NIFA Operations**  
Christie Weston shared with the Board of Directors the proposed format of a quarterly report to be sent between meetings with links to information that Board members may find of interest. Items reported during the Board meeting included recent changes in NIFA personnel and the Omaha office location, the impact on NIFA of the federal government shutdown, and a second quarter

financial report for the current fiscal year through December 31, 2018. Christie presented a financial dashboard of charts containing information about the fiscal year-to-date budget and how actual expenses compare, 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 second quarter.

#### **AGRICULTURAL FINANCE DIVISION**

**9. Report on Agricultural Program Regarding the Following Applicants in Process:**

**Borrower: Seth E. Houdersheldt**  
**Purpose: Purchase 80 acres of farm real estate – Polk County, Nebraska**  
**Proposed NIFA Loan/Bond Amount: \$268,000**  
**Proposed Interest Rate: 4.65% Variable**  
**(Bank's Conventional Interest Rate: 5.90% Variable)**  
**Proposed Bond Purchaser: Pinnacle Bank**

**Borrower: Lance D. and Krystal D. Atwater**  
**Purpose: Purchase 80 acres of farm real estate – Adams County, Nebraska**  
**Proposed NIFA Loan/Bond Amount: \$236,283.50**  
**Proposed Interest Rate: 4.50% Variable**  
**(Bank's Conventional Interest Rate: 5.25% Variable)**  
**Proposed Bond Purchaser: Adams County Bank**

Dudley Beyer reported that two Agricultural Loans are in process and no loans have closed since the December 14, 2018 Board of Directors meeting.

#### **LOW INCOME HOUSING TAX CREDITS**

**10. Report on the Collaborative Resource Allocation for Nebraska (CRANE) Meeting Held Wednesday, January 23, 2019**

Sara Tichota reported the following projects are in the CRANE process (one rural and five urban):

Bethlehem House – Omaha  
Hanscom Apartments – Omaha  
Angel Share Campus – Blair  
CenterPointe Campus for Hope – Omaha  
Villa Rows – Omaha  
Columbus FRC Housing – Columbus

**11. Report from the Programs Committee Regarding Agenda Item No. 12**

Sara Tichota reported that the Programs Committee (consisting of Galen Frenzen, Marlin Brabec, Herb Freeman, and Warren Arganbright) met with staff via telephone on Thursday, February 21, 2019 to discuss Conditional Reservations for CRANE in the 2019 Low-Income Housing Tax Credit (LIHTC) and Affordable Housing Tax Credit (AHTC) Program. At the current time, two CRANE projects have reached Category 1, and are therefore eligible to be recommended for a conditional reservation of tax credits. Sara gave a summary of each of these two developments. Sara presented several charts containing information about applications received for the 2019 LIHTC and AHTC Program.

12. **Consideration and Approval of Conditional Reservations for CRANE in the 2019 Low-Income Housing Tax Credit (LIHTC) and Affordable Housing Tax Credit (AHTC) Program** Moved by Freeman, seconded by Brabec to approve the Conditional Reservations for CRANE in the 2019 LIHTC and AHTC Program. Roll call vote - Arganbright – yes, Achola – yes, Walden-Newman – yes, Rippe – yes, Freeman – yes, Brabec – yes and Frenzen – yes. Motion carried unanimously.

**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 –CRANE 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:

**CRANE**

| <b><u>Applicant</u></b>        | <b><u>Project</u></b>        | <b><u>County</u></b> | <b><u>City</u></b> | <b><u>LIHTC Amount</u></b> | <b><u>AHTC Amount</u></b> |
|--------------------------------|------------------------------|----------------------|--------------------|----------------------------|---------------------------|
| CenterPointe, Inc.             | CenterPointe Campus for Hope | Douglas              | Omaha              | \$419,659                  | \$419,659                 |
| Columbus Community Foundation* | Columbus FRC Housing         | Platte               | Columbus           | \$480,943*                 | \$480,943*                |
| <b>Total</b>                   |                              |                      |                    | <b>\$900,602</b>           | <b>\$900,602</b>          |

**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 \$480,943 for Columbus FRC Housing with \$46,837 to be reserved from 2019 Tax Credits. The remaining \$434,106 shall be funded from the following sources or any 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 Section 42 Credits received for 2019 Section 42 Credits.

#### **SINGLE FAMILY HOUSING FINANCE DIVISION**

13. **Status Report on Single Family Program**  
Amanda Wusk reported NIFA Homeownership now provides an eLearning course for Nebraska loan officers and real estate agents. The course is \$25 per learner and can be accessed on NIFA's website. Loan officers and real estate agents that complete the course receive a designation as a "NIFA Specialist" and are featured on the NIFA website. Amanda also announced the 2019 NIFA Home Seasons Mortgage Payment Promotion. The goal of this promotion is to develop relationships with homebuyers while also measuring and tracking participating lender performance by gathering feedback from homebuyers. NIFA is currently working with a consultant on a revamp of the nifaloan.org website for homebuyers, as well as a digital marketing campaign through social media. Jacki Young referred Board members to the Homeownership report in the Board book and reported NIFA has received 271 loan reservations to date in 2019, for a total principal amount of approximately \$34 million. The average loan amount is \$126,000, and the urban/rural split has been 67% urban, 33% rural.
14. **Update on Market Developments**  
Judy Krasornil gave a pipeline report. Jeff Gertz of J.P. Morgan gave an update on the national bond market.
15. **Report on the Execution by NIFA of a Credit Default Swap with Barclays Bank PLC**  
Steve Clements briefed the Board on NIFA's execution of a two year \$50,000,000 credit default swap with Barclays Bank PLC. The credit default swap is a way to manage NIFA's risk with respect to its Guaranteed Investment Contracts with various GE entities.

#### **OUTREACH DIVISION**

16. **Report from the Outreach Department**  
Elizabeth Fimbres reported that registration for NIFA's annual conference "2019 Housing Innovation Marketplace" to be held on March 19<sup>th</sup> and 20<sup>th</sup> at the La Vista Conference Center is over 450 attendees, 29 exhibitors and 21 sponsors. The annual Tax Credit Compliance Seminar will be held in conjunction with the conference this year and as a result more than 500 attendees are anticipated. Elizabeth also reported NIFA has two new Outreach partners; Mental Health Association of Nebraska, with matching funds provided by the Department of Corrections, and Northern Ponca Housing Authority, with matching funds provided by HUD.

#### **OTHER BUSINESS/ANNOUNCEMENTS**

17. **Review and Consideration of Board Resolution No. 439 Authorizing the Amendment and Restatement of the Nebraska Investment Finance Authority Employees' Money Purchase Plan and Trust and the Nebraska Investment Finance Authority Deferred Compensation Plan**  
Jody Cook briefed the Board on the proposed Resolution to amend and restate NIFA's retirement plans in order to include certain changes to the plans (the last restatement was in 2013) and to

incorporate best practices and changes that constitute good faith compliance with the provisions of the Internal Revenue Code of 1986. The Resolution also provides for an amendment to the Deferred Compensation Plan to incorporate Roth provisions to allow for Roth (after-tax) contributions and the conversion of pre-tax balances to Roth balances.

Moved by Brabec, seconded by Frenzen to approve Board Resolution No. 439. Roll call vote - Achola – yes, Walden-Newman – yes, Rippe – yes, Freeman – yes, Brabec – yes, Frenzen – yes and Arganbright – yes. Motion carried unanimously.

**18. Update on Federal and State Legislation**

Chair Rippe stated agenda item 18 would be moved to the April 19, 2019 NIFA Board of Director's Meeting Agenda.

**19. Discussion of Proposal from ATS Secured for Services in Connection With Distributed Ledger Technology**

Tim Kenny provided an update on discussions with ATS Secured regarding distributed ledger technology and shared a PowerPoint presentation.

**20. Review and Approval of NIFA Board Committee Memberships**

NIFA Board has three standing committees (Management, Programs, and Audit). Board Member Achola asked the Board to look at adopting committee charters and guidelines to create more structure around how the committees operate and their membership. Tim thanked Board Member Achola and indicated staff would work with the Board to follow up on the recommendation.

**21. Approval of Resolution No. 438 Recognizing Mark Graff for his Service on the NIFA Board of Directors**

Tim Kenny recognized Mark Graff for his four years of service on the NIFA Board of Directors. Moved by Frenzen, seconded by Achola to adopt Resolution No. 438. Roll call vote - Rippe – yes, Freeman – yes, Brabec – yes, Frenzen – yes, Arganbright – yes, Achola – yes and Walden-Newman – yes. Motion carried unanimously.

**22. Closed Session to Discuss Executive Director's Performance Review**

Moved by Freeman, seconded by Brabec to go into closed session at 11:51 a.m. to discuss the Executive Director's Performance Review and the evaluation of the job performance of the Executive Director, which closed session is consistent with the Nebraska Public Meetings law and is necessary to protect the interests of both NIFA and the public. The Executive Director has not requested a public meeting for this discussion. Roll call vote – Freeman – yes, Brabec – yes, Frenzen – yes, Arganbright – yes, Achola – yes, Walden-Newman – yes and Rippe – yes. Motion carried unanimously.

Prior to the closed session, the following statement was read by the Chair: "The closed session discussion shall be limited to matters related to the Executive Director's Performance Review and the evaluation of the job performance of the Executive Director. Members shall restrict their consideration of matters during the closed session to the purpose stated in the Motion."

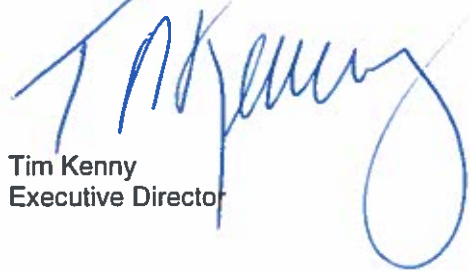
**Closed Session**

Board Members met in closed session from 11:51 a.m. until 12:10 p.m.

Moved by Frenzen, seconded by Brabec to go into open session at 12:10 p.m. Roll Call Vote – Rippe – yes, Achola – yes, Arganbright – yes, Brabec – yes, Freeman – yes, Frenzen – yes and Walden-Newman – yes. Motion carried unanimously.

23. **Review and Request for Approval of Report and Recommendation from Management Committee Regarding Executive Director's Performance Review**  
The Management Committee recommended: approval of the payment of the Performance-based Compensation to the Executive Director for the year 2018 as provided in the Amended Employment Agreement. Moved by Brabec, seconded by Freeman to Approve the Recommendation from the Management Committee Regarding Executive Director's Performance Review. Roll Call Vote – Brabec – yes, Frenzen – yes, Arganbright – yes, Achola – yes, Walden-Newman – yes, Rippe – yes and Freeman – yes. Motion carried unanimously.
24. **Announcements and Discussion of Upcoming Events**  
NIFA Housing Innovation Marketplace – March 19-20, 2019, La Vista Conference Center  
NIFA Board Meeting – April 19, 2019
25. **Adjournment**  
Moved by Frenzen to adjourn at 12:12 p.m.

Respectfully submitted,



Tim Kenny  
Executive Director

