

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

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

MINUTES OF FRIDAY, February 17, 2017 @ 9:00 A.M.

**11:30 a.m. – 12:30 p.m. Non-Business Luncheon
The Nebraska Club
233 S 13th St, Suite 2000, Lincoln NE**

**Notice Published: February 12, 2017 - *Omaha World Herald*
February 12, 2017 - *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: Courtney Dentlinger, Galen Frenzen, Mat Habrock, Marlin Brabec, Mark Graff, Michael Maroney, Herb Freeman, Michael Walden-Newman and Mary Jo McClurg

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, Single Family Homeownership Manager Jacki Young, Assistant Family Homeownership Manager Cindy Trautman, LIHTC Compliance Manager Kelly Schultze, LIHTC Allocation Manager Teresa Kile, Director of Development Ted Simpson, Accounting Manager Jody Cook, Agricultural Programs Manager Dudley Beyer, Manager of Nebraska Opportunity Fund Garry Clark, and Deputy Director Christie Weston

Guests: Jeff Gertz – JP Morgan, Jim Rieker – Advantage Capital, Trent Bausch – Cline Williams, LLP, Richard Baier – Nebraska Bankers Association, Mark Hansen – Westgate Bank, Mike Gawley – Holy Name Housing Corp., Joel Anderson – Excel Development Group, Thomas Judds – Lincoln Housing Authority, Cindy Koster – MHEG, Pamela Otto – DED, Scott Keene – Ameritas Investment Corp., Drew Page and Patti Peterson – Kutak Rock, LLP

1. Call Meeting to Order and Roll Call

Chair Dentlinger called the meeting to order at 9:00 a.m. with nine members present. Chair Dentlinger 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 12, 2017 in the *Omaha World Herald* and in the *Lincoln Journal Star*.

2. Closed Session to Discuss Pending Litigation

Moved by Freeman, seconded by Frenzen to go into closed session at 9:03 a.m. to discuss (A) pending litigation involving (i) General Electric Capital Corporation (and related entities) and (ii) Bayerische Landesbank Girozentrale 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, Graff – yes, Maroney – yes, McClurg – yes, Walden-Newman – yes, Habrock – yes and Dentlinger – 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 (i) General Electric Capital Corporation (and related entities) and (ii) Bayerische Landesbank Girozentrale 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 9:03 a.m. until 9:13 a.m.

Moved by Frenzen, seconded by Habrock to go into open session at 9:13 a.m. Roll Call Vote – Dentlinger – yes, McClurg – yes, Habrock – yes, Graff – yes, Frenzen – yes, Walden-Newman – yes, Brabec – yes, Maroney – yes and Freeman – yes. Motion carried unanimously.

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

No action resulting from Closed Session.

4. Approval of the December 9, 2016 NIFA Board of Directors Meeting Minutes

Moved by Brabec, seconded by McClurg to approve the December 9, 2016 NIFA Board of Directors Meeting Minutes. Roll call vote – Brabec – yes, Frenzen – yes, Graff – yes, Maroney – yes, McClurg – yes, Walden-Newman – yes, Habrock – yes, Dentlinger – yes, and Freeman – yes. Motion carried unanimously.

5. Executive Director’s Report

Tim Kenny reported that FHA’s Office of Lender Activities and Program Compliance informed several lenders participating in down payment assistance programs of the National Homebuyer Fund’s (NHF) that FHA would no longer insure NHF program loans originated outside of certain counties in California where NHF has authority to operate. The NHF has entered markets outside of California over the past few years. This program recently surfaced in the Omaha market, but has apparently been suspended because of FHA’s actions. Tim also reported the Single Family team has been reviewing the structure of NIFA’s Homebuyer Assistance (HBA) Program. The team is analyzing different pricing scenarios with the goal of keeping the buyer’s monthly payments affordable and protecting NIFA from potential loan-loss risk. We expect the redesign of the HBA Program to be completed in time for the spring home buying season. Robin Ambroz announced staffing changes in the LIHTC Program. Kelly Schultze has taken on the role of LIHTC Compliance Manager and Teresa Kile is now the LIHTC Allocation Manager. Robin also reported Outreach Program Coordinator Royce Sheibal received certification as a Housing Development Finance Professional from the National Development Council. Tim invited all Board Members to attend the 2017 Housing Innovation Marketplace Conference on March 21st and 22nd at the La Vista Conference Center. Tim also announced the NCSHA 2017 Legislative Conference would take place in Washington D.C. on March 6-8, 2017. All Board Members are welcome to attend. Tim introduced Richard Baier of the Nebraska Bankers Association and Mark Hansen of West Gate Bank. Richard distributed handouts and Mark gave a summary of 2017 Workforce Housing Legislation. Mark also gave a description of Workforce Housing and Proposed Action Steps for Success.

6. Public Comment related to the February 17, 2017 Agenda Items (comment period limited to five minutes)

Chair Dentlinger 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.

AGRICULTURAL FINANCE DIVISION

7. Status Report on Agricultural Program

Dudley Beyer reported that two Agricultural Loans have closed since the December 9, 2016 Board of Directors meeting.

Bond Resolution #1335 – Ryan C. Waller in the amount of \$200,000 for the purchase of 80 acres in Phelps County, Nebraska

Bond Resolution #1336 – Colt T. and Brandy J. Quadhamer in the amount of \$91,400 for the purchase of 80 acres in Adams County, Nebraska

LOW INCOME HOUSING TAX CREDITS

8. Report on the Collaborative Resource Allocation for Nebraska (CRANE) Meeting Held Wednesday, January 25, 2017

Teresa Kile reported the following projects are in the CRANE process:

Siena Francis House PSH Phase 3 – Omaha
Skyline Apartments - Norfolk
Adams Park Senior Cottages – Omaha
Hillside Rows – Omaha
Canterbury Estates – Sidney
SSN LIHTC #1 – Niobrara
Center Block – Hastings
The Row in Lexington – Lexington

A summary is in the Board Book under tab No. 8.

9. Report from the Programs Committee

Teresa Kile reported that Tim Kenny, Robin Ambroz and the Programs Committee (consisting of Galen Frenzen, Marlin Brabec, Herb Freeman, and Mary Jo McClurg) met via conference call on Wednesday, February 15, 2017 to discuss four CRANE applications that have attained a Category 1 designation. The projects are Adams Park Senior Cottages, SSN LIHTC #1, Skyline Apartments and The Row in Lexington. The total amount of Low Income Housing Tax Credits (LIHTC), for the 2017 CRANE set-aside is \$1,090,960, after a \$379,535 forward commitment in 2016 for the Victory Park project. The total CRANE LIHTCs requested for projects that have attained a Category 1 designation is \$2,121,098. NIFA reviewed and applied the “tie breakers” that are listed in the 2017 Application. Based on this review, NIFA is recommending that two of the four CRANE applicants receive a full conditional reservation and that the remaining two applicants receive a partial conditional reservation.

10. Consideration of Approval of Conditional Reservations for CRANE in the 2017 Low-Income Housing Tax Credit (LIHTC) Program

Moved by McClurg, seconded by Brabec to approve the Conditional Reservation for CRANE in the 2017 Low-Income Housing Tax Credit (LIHTC) Program in accordance with the Motion below. Roll call vote – Frenzen – yes, Graff – yes, Maroney – abstain due to being a developer and submitting projects from time to time for consideration of tax credits, McClurg – yes, Walden-Newman – yes, Habrock – yes, Dentlinger – yes, Freeman – yes and Brabec – yes. Motion carried – 8 yes and 1 abstaining.

Motion:

Whereas the Nebraska Investment Finance Authority has completed its review of the applications for Low-Income Housing Tax Credits ("Tax Credits") under the 2017 LIHTC Program – CRANE and;

Whereas said review was conducted pursuant to the plan and procedures for the 2017 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:

CRANE:

<u>Applicant</u>	<u>Project</u>	<u>County</u>	<u>City</u>	<u>Amount</u>
Holy Name Housing Corporation	Adams Park Senior Cottages	Douglas	Omaha	\$303,023
Santee Sioux Tribal Housing Authority	SSN LIHTC #1	Knox	Niobrara	\$614,122
Odd Fellow Housing Associates LP	Skyline Apartments	Madison	Norfolk	\$742,261*
Hoppe Homes, LP	The Row in Lexington	Dawson	Lexington	\$461,692*
				\$2,121,098

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 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.
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 by the applicant 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 conditional reservation (i) of \$742,261 for Skyline Apartments with \$86,908 to be reserved from 2017 Tax Credits and (ii) of \$461,692 for The Row in Lexington with \$86,907 to be reserved from 2017 Tax Credits. The remaining \$1,030,138 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 2017 Tax Credits, Tax Credits returned from a prior year, national pool Tax Credits received for 2017 or 2018 Tax Credits.
5. CRANE applications received prior to the 2017 Cycle 1 application deadline do not receive an automatic allocation of Nebraska Affordable Housing Tax Credits (AHTC). However, any CRANE application awarded a conditional reservation prior to the approval of the Amendment to the 2017 Qualified Allocation Plan by the Governor of the State of Nebraska may subsequently request, after approval of the Amendment to the 2017 Qualified Allocation Plan, an allocation of AHTC. In such case, NIFA will re-underwrite and adjust the amount of the LIHTC allocation accordingly.

11. Consideration of Motion to Approve the Amendments to the 2017 Qualified Allocation Plan to Incorporate the Allocation of the Nebraska Affordable Housing Tax Credit

Teresa Kile reported that on February 6, 2017, the Nebraska Investment Finance Authority held a Public Hearing regarding the amendments to the 2017 Qualified Allocation Plan (the "2017 QAP") to incorporate the allocation of the Nebraska Affordable Housing Tax Credit (AHTC). Approval of the Amendments to the 2017 Low-Income Housing Tax Credit (LIHTC) Allocation Plan for 9%

LIHTCS and approval of the 2017 LIHTC, HOME Funds & National Housing Trust Fund Application and Exhibit Examples, as presented to the Board were recommended. Moved by Brabec, seconded by Frenzen to approve the Amendments to the 2017 Qualified Allocation Plan to Incorporate the Allocation of the Nebraska Affordable Housing Tax Credit. Roll call vote – Graff – yes, Maroney – yes, McClurg – yes, Walden-Newman – yes, Habrock – yes, Dentlinger – yes, Freeman – yes, Brabec – yes and Frenzen – yes. Motion carried unanimously.

DEVELOPMENT FINANCE DIVISION

- 12. Consideration of Allocation of 2017 State Volume Cap**
Steve Clements reported that in 2016, the City of Blair (the "City") requested and received \$10,000,000 of volume cap allocation, Allocation #16-30-005 (the "2016 Volume Cap Allocation"), from the Nebraska Investment Finance Authority for the purpose of issuing permanent bonds (the "Bonds"). Of this amount, \$5,550,000 was used in connection with the issuance of Bonds designated as the City's Water System Revenue Bonds, Series 2016, for the purpose of refunding its 2012 bond anticipation notes (BANs). The City returned the remainder of the 2016 Volume Cap Allocation to allow for future allocation. The City now anticipates the issuance of another series of Bonds (the "2017 Bonds") to refinance the 2013 BANs. The City now seeks a volume cap allocation in the amount of \$4,000,000.
Moved by Freeman, seconded by Graff to adopt the following Volume Cap Allocation:
Roll call vote – Maroney – yes, McClurg – yes, Walden-Newman – yes, Habrock – yes, Dentlinger – yes, Freeman – yes, Brabec - yes, Frenzen – yes and Graff – yes. Motion carried unanimously.

Allocation: 17-30-003 – City of Blair Water System Bonds
Issuer: City of Blair, Nebraska
Allocation Amount: \$4,000,000
Allocation Classification: Industrial Development

SINGLE FAMILY HOUSING FINANCE DIVISION

- 13. Status Report on Single Family Program and Market Developments**
Jacki Young reported on NIFA first-time homebuyer loans financed from January 1, 2016 through December 31, 2016. A total of 1,722 loans were closed during 2016 for a total of \$193,352,125, with an average loan amount of \$112,283. Of these loans six percent were Military Home loans, fifty-four percent were First Home Plus and forty percent included Homebuyer Assistance (HBA) loans.

MULTI-FAMILY HOUSING FINANCE DIVISION

- 14. Workforce Housing Initiative Pilot Program Update**
Robin Ambroz reported the second Request for Proposals for NIFA's Workforce Housing Initiative Pilot Program was released on November 9, 2016. Initial proposals were due on January 16, 2016. NIFA received three proposals that contemplate construction of a total of 22 new single family and duplex rental units of workforce housing in the communities listed below:

<u>Community</u>	<u>Proposed Number of Units</u>	<u>Total Development Costs</u>
Beatrice	10 single family units	\$2.1 Million
Bloomfield	4 units in duplex design	\$1.1 Million
Nebraska City	8 units in attached design (TBD)	\$1.3 Million

Over the next several months, NIFA staff will continue to evaluate and prioritize the proposals, develop programmatic documents and guidelines, and establish the timeline for final awards. During this process, NIFA plans to fine-tune the program parameters, with input from the pilot program participants, in anticipation of deploying a permanent Workforce Housing Initiative program based upon the successful outcomes of the pilot projects. Tim Kenny briefed the Board on the proposed NIFA Gateway Community Program.

OUTREACH DIVISION

15. Report from the Outreach Department

Robin Ambroz commented on the Outreach Report provided in the Board book. Robin reported the 2017 Draft Profile of Nebraska will be available for public review on www.nifa.org starting this week, and will remain open for public comments until shortly before its debut at NIFA's Housing Innovation Marketplace. A summary of the review findings will be presented at the conference by Tim Gottgetreu of Western Economic Services.

OTHER BUSINESS/ANNOUNCEMENTS

16. Update on NIFA Compliance with the Nebraska Taxpayer Transparency Act; Discussion of LB 437; Consideration of Motion for Support of LB 437

Tim Kenny gave an update on NIFA compliance with the Nebraska Taxpayer Transparency Act and led a discussion of proposed LB 437.

Moved by Frenzen, seconded by Freeman to approve the Motion for Support of LB 437. Roll call vote – McClurg – yes, Walden-Newman – no, Habrock – abstain, Dentlinger – abstain, Freeman – yes, Brabec – yes, Frenzen – yes, Graff – yes and Maroney – yes. Motion carried – 6 yes, 1 - no and 2 abstaining.

Jeff Gertz gave an update on the national bond market.

17. Closed Session to Discuss Executive Director's Performance Review

Moved by McClurg, seconded by Habrock to go into closed session at 11:10 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 – Walden-Newman – yes, Habrock – yes, Dentlinger – yes, Freeman – yes, Brabec – yes, Frenzen – yes, Graff – yes, Maroney – yes and McClurg – 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 11:10 a.m. until 11:50 a.m.

Moved by Brabec, seconded by McClurg to go into open session at 11:50 a.m. Roll Call Vote – Dentlinger – yes, McClurg – yes, Habrock – yes, Graff – yes, Frenzen – yes, Walden-Newman – yes, Brabec – yes, Maroney – yes and Freeman – yes. Motion carried unanimously.

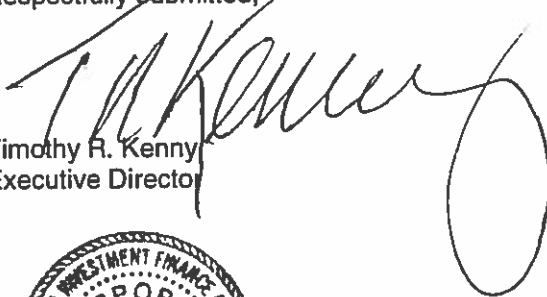
18. Review and Request for Approval of Report and Recommendation from Management Committee Regarding Executive Director's Performance Review

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The Management Committee recommended: approval of the payment of the Performance-based Compensation to the Executive Director for the year 2016 as provided in the Amended Employment Agreement. Moved by Freeman, seconded by Frenzen to Approve the Recommendation from the Management Committee Regarding Executive Director's Performance Review. Roll Call Vote – Habrock – yes, Dentlinger – yes, Freeman – yes, Brabec – yes, Frenzen – yes, Graff – yes, Maroney – yes, McClurg – yes and Walden-Newman – yes. Motion carried unanimously.

19. **Announcements and Discussion of Upcoming Events**
2017 Governor's Ag Conference – March 14-15, 2017 in Kearney, NE
NIFA Board Meeting – April 21, 2017
NIFA June Board Meeting – Change from June 16, 2017 to June 9, 2017
20. **Adjournment**
Moved by Frenzen to adjourn at 11:58 a.m.

Respectfully submitted,



Timothy R. Kenny
Executive Director

