

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

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

MINUTES OF FRIDAY, JANUARY 14, 2011 @ 10:30 A.M.

Notice Published: **January 9, 2011 - *Omaha World Herald***
 January 9, 2011 - *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: Richard Baier, John Blazek, Pete Graff, Michael Maroney, Mary Jo McClurg, Jeff States, John Way and Bobbie Wickham

Board Members Absent: Marlin Brabec

NIFA Staff Present: Executive Director and Board Secretary Tim Kenny, Clerk Karon Andretti, Chief Operating Officer Steve Clements, Treasurer Judy Krasomil, Ag Manager Dudley Beyer, Single Family Program Manager Jacki Young, Deputy Director of Operations Larry Jablonski, Deputy Director of Finance Christie Weston and Deputy Director of Programs Ted Simpson

Guests: Bruce Lefler, Thomas Judds, Robert Peterson, Wendy Werner, Mark O'Brien, Barry Gottfried, Jeff Gertz, Phil Lorenzen and Patti Peterson

1. Call Meeting to Order and Roll Call

Chair Richard Baier called the meeting to order at 10:32 a.m. with eight members present. Richard stated that a copy of the Open Meetings Act was located on the table as persons entered the room. Karon Andretti reported that the notice of the meeting was published on Sunday, January 9, 2011 in the *Omaha World Herald* and in the *Lincoln Journal Star*.

2. Approval of the December 10, 2010 NIFA Board of Directors Meeting Minutes

Moved by Graff, seconded by Blazek to approve the December 10, 2010 NIFA Board of Directors Meeting Minutes. Motion carried unanimously.

3. Executive Director's Report

Tim Kenny read an email received from Captain Chris Pelchat, 623D Engineer Company, Sharana, Afghanistan thanking the NIFA Board for the care packages of snacks and toiletries that were sent by NIFA staff in honor of the NIFA Board Members.

4. Public Comment related to the January 14, 2011 Agenda Items (comment period limited to five minutes)

Richard Baier 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. Legislative Briefings

(a) Nebraska Unicameral – Richard Baier

Richard Baier indicated that during the past year the Battelle Technology Strategic Plan was completed, that Bio Nebraska did a Bio Science Roadmap and that the Nebraska Legislature Innovation and Entrepreneurship Task Force released a list of eighteen recommendations for moving Nebraska's economy forward. The Governor gave his State of State Address and identified a comprehensive Talent and Innovation Initiative which includes some of the following proposed initiatives:

- Internship Initiative
- Business Innovation Fund
- Angel Investment Tax Credit
- Site & Building Development Fund
- Neighborhood Stabilization Funds
- Virtual High School
- Innovation Campus

Richard indicated that the Legislature will start hearings on these proposed initiatives in the next week or so.

(b) Federal Legislation – Patti Peterson

Patti Peterson reported that the Dodd Frank Wall Street Reform and Consumer Protection Act included a provision requiring municipal advisors to register with the SEC. The definition of "municipal advisors" as drafted and with further guidance from the SEC would include anyone who advises a municipal entity in connection with municipal financial products or the issuance of municipal securities. The rules exclude municipal governments and their employees and elected officials, but as drafted would not exclude appointed officials such as the NIFA Board Members. Patti indicated that the industry is well aware of this legislation and they are working to get an acceptable resolution.

AGRICULTURAL FINANCE DIVISION

6. Ratification of the Public Hearing held Thursday, January 13, 2011, at 9:30 a.m. for the following projects:

Moved by Graff, seconded by Way to ratify the Public Hearing held Thursday, January 13, 2011, at 9:30 a.m. for the following projects. Motion carried unanimously.

- #1294 – Scott and Leanna Prange
- #1295 – Christopher Hunt
- #1247R – Douglas and Cortney Geisler

7. Adoption of State Bond Allocations

Moved by McClurg, seconded by Graff to adopt the following State Bond Allocations. Motion carried unanimously.

- Allocation: 11-30-001 – Scott and Leanna Prange
- Issuer: NIFA
- Allocation Amount: \$477,000
- Allocation Classification: Industrial Revenue

- Allocation: 11-30-002 – Christopher Hunt
- Issuer: NIFA
- Allocation Amount: \$229,312
- Allocation Classification: Industrial Revenue

- 8. Adoption of the following Agricultural Finance Division Bond Resolutions**
Moved by Graff, seconded by McClurg to adopt the following Agricultural Finance Division Bond Resolutions.
Motion carried unanimously.

Bond Resolution #1294 - Scott and Leanna Prange in the amount of \$477,000 for the purchase of 95 acres in Lancaster County, Nebraska, and for the purchase of 380 acres located in Johnson County, Nebraska,

Bond Resolution #1295 - Christopher Hunt in the amount of \$229,312 for the purchase of 80 acres, more or less, of farm real estate, including various farm buildings and grain bins, located in Otoe County, Nebraska.

Bond Resolution #1247R - Douglas and Cortney Geisler in the amount of \$159,082.39 for the refinancing of 160 acres, more or less, of farm real estate, located in Buffalo County, Nebraska

SINGLE FAMILY HOUSING FINANCE DIVISION

- 9. Status Report on Single Family Program and Market Developments**
Jacki Young distributed a report on NIFA's Single Family Mortgage Revenue Bond Program closed loan production for calendar year 2010 which indicated the following:

Total # Loans:	1,583
Total \$ Loans:	\$157,701,848
Average Loan Amount:	\$99,622
Average Purchase Price:	\$102,234
Average Household Income:	\$47,203
Urban Area Loans:	60% (947 loans)
Rural Area Loans:	40% (636 loans)
Existing Properties:	94%
New Construction Properties:	6%
Loan Types:	FHA – 77%
	RD – 19%
	VA – 4%
ABC/HBA Second Mortgage Loans:	17% (277 loans)
Target Area Loans:	3% (41 loans)

Jacki reported that NIFA's current lending rate is 4.5%

Steve Clements reported he had a meeting with Senator Johanns and his staff as well as several bankers to discuss the changes to the FHA rules requiring banks to have annual audited financial statements in order to participate in the FHA Program. This creates a financial burden for smaller banks/community banks and will eliminate the number of banks who will be authorized to do FHA loans.

Judy Krasomil reported that the refunding bond issue which closed on December 29, 2010 in the amount of \$675 million created a number of efficiencies including:

- Reducing the number of variable rate bond series from 25 to 2
- Consolidating 14 individual swap contracts into 4
- Allocating in excess of 400 existing mortgage-backed securities totaling in excess of \$500 million from 29 bond series to 1 series

Judy indicated there are approximately \$30 million in loan reservations in the pipeline, none of which have been securitized.

Jeff Gertz, J.P. Morgan, distributed the Final Pricing Book on the \$675 million financing. Jeff expressed his appreciation to the team for their extraordinary work in making this a successful bond sale. Jeff gave an overview of the financing.

2010 Series A	\$196,425,000	Non-AMT	AAA S&P Rating
2010 Series B	\$347,855,000	Variable Rate – Non-AMT	AAA/A-1+ S&P Rating
2010 Series C	\$130,720,000	Variable Rate - AMT	AAA/A-1+ S&P Rating

10. **Ratification of Public Hearing held Monday, December 20, 2010, at 9:30 a.m. for the following:**
Moved by Blazek, seconded by McClurg to ratify the Public Hearing held Monday, December 20, 2010, at 9:30 a.m. for the following. Motion carried unanimously.

Single Family Program - \$500,000,000

OUTREACH REPORT

11. **Report from the Outreach Department**
Ted Simpson gave the following Outreach Report.

Collaboration with Partners

Salt Lake City Trip – Steve Peregrine facilitated a trip in early November with the director of social services for Nebraska Catholic Social Services to Salt Lake City to visit two tax credit financed housing developments serving victims of domestic abuse. In the spring of 2011, Nebraska Catholic Social Services will begin operating a 24-unit shelter for women and children who are victims of domestic abuse in Lincoln.

South East Regional Network – Steve Peregrine attended the quarterly meeting and roundtable in South Bend on November 16. The meeting was hosted by Cass County Economic Development and was facilitated by staff from DED and the Southeast Development District.

Habitat Raise the Roof Gala – NIFA, William and Ruth Scott Foundation and the Alliance Building Community were recognized by the Omaha Chapter of Habitat for Humanity with its 2010 Spirit of Humanity Award.

National Association of Home Builders – Tim Kenny attended the annual board and committee meetings where he was named to the Multifamily Committee Board of Trustees. The Multifamily Board of Trustees is the NAHB committee that coordinates legislative policy for the nation's multifamily industry. The NAHB's multifamily priority items for 2011 include an effort to preserve and improve the LIHTC program and to seek extension of the "Section 1602 Exchange" program which is very important for rural communities and states.

2011 Mountain Plains Housing Summit – NIFA is hosting this event in Omaha on May 2-4, 2011. This is an annual gathering of HFA executives, Board members and senior staff from an eight state region, along with our partners, to discuss important trends impacting our industry and learn about and share exciting ideas and programs.

Strategic Planning in Communities

First Friday – A First Friday luncheon was held in Lexington on November 5 with 35 participants attending.

Outreach Partnership Program – The third year of Board of Director Training was conducted for Central Nebraska Housing Developers in Ord on November 3.

Staff Education and Training

Governor's Conference on Rural Development – Steve Peregrine attended this conference on November 19 in Kearney.

NeighborWorks® America's (NWA) "National Foreclosure Mitigation Counseling Program" Meeting – Steve Peregrine attended a meeting in Washington, DC on December 9 & 10. NWA paid for the airfare and lodging and allowed the grantee to invite a sub-grantee. CCCS-Nebraska joined Steve at the meeting.

Leveraging NIFA Resources

Housing Study Grant Program – NIFA has awarded a \$10,000 grant to the West Point Planning Commission for the completion of a 10 year Comprehensive Plan that will specifically identify community

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Housing Study Grant Program – NIFA has awarded a \$10,000 grant to the West Point Planning Commission for the completion of a 10 year Comprehensive Plan that will specifically identify community and economic development opportunities with an emphasis on developing a 10 year targeted housing demand profile. \$12,000 in matching funds is being provided locally.

Targeted Communication Efforts

Omaha a.m. breakfasts – NIFA hosted two Omaha a.m. breakfast gatherings on November 17 at First National Bank of Omaha and January 12 at Omaha Housing Authority.

NIFA's 9th Annual Housing Innovation Marketplace – The conference will be held January 25 and 26 at the Omaha Marriott Regency.

BUSINESS AND INDUSTRIAL FINANCE DIVISION

12. Discussion of Nebraska Modernization Fund Concept

Tim Kenny gave a PowerPoint presentation on the Nebraska Modernization Fund. Tim identified the barriers which would delay modernization efforts for businesses as well as other resources available. The mission of the fund would be to identify key businesses in need of modernization and target those populations. Items for discussion were what is modernization, who is eligible, how is the fund acquired, what types of property are eligible and not eligible. There was discussion about the application process, program award priorities, geographic distribution of the fund and criteria for receiving a grant award. It was recommended that the application process be user friendly for the applicant. After a lengthy discussion, it was determined that the Programs Committee would meet prior to the next board meeting to further discuss and finalize the guidelines for the modernization fund and present the revised guidelines to the board at the next meeting for their review and consideration.

OTHER BUSINESS/ANNOUNCEMENTS

13. Reports from Board Committees

There were no reports from Board Committees.

14. Distribution and Coordination of Executive Director's Evaluation Form

The Executive Director's Evaluation Form will be sent to the NIFA Board Members next week with a return envelope addressed to Richard Baier. The Management Committee will review the evaluations and will give a report to the Board at the next board meeting.

15. Announcements and Discussion of Upcoming Events and Scheduling

NIFA's Affordable Housing Conference – January 25 & 26, 2011 at the Omaha Marriott Regency.

NCSHA Legislative Conference – March 7-9, 2011 in Washington, DC. Karon Andretti indicated that early registration ends February 7, 2011 and asked board members to let her know if they are planning on attending.

16. Closed Session to Discuss Mediation and Litigation Matters

Moved by Blazek, seconded by Way to go into closed session at 12:54 p.m. to discuss NIFA's claim against Lehman Brothers Financial Products Inc. (LBFP), mediation, litigation and developments in connection therewith, which closed session is necessary to protect the interests of both NIFA and the public. Motion carried unanimously.

Prior to going into closed session, Chair Baier stated the closed session discussion shall be limited to matters related to NIFA's claim against LBFP, mediation, litigation and developments and strategies with respect to such claim, mediation and litigation. Members shall restrict their consideration of matters during the closed session to those purposes stated in the Motion.

Moved by Blazek, seconded by Graff to reconvene into open session at 1:01 p.m. Motion carried unanimously

17. Adjournment

Moved by Graff, seconded by Way to adjourn at 1:02 p.m. Motion carried unanimously.

Respectfully submitted,

Timothy R. Kenny
Executive Director

