

**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 22, 2010 @ 1:00 P.M.

Notice Published: **January 17, 2010 – *Omaha World Herald*
January 17, 2010 - *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, Marlin Brabec, Pete Graff, Ginger Langemeier, Mike Maroney and Mary Jo McClurg

Board Members Absent: Carl Brasee (resigned effective 01-01-10) and Jeff States

NIFA Staff Present: Executive Director and Board Secretary Tim Kenny, Clerk Karon Andretti, Chief Operating Officer Steve Clements, Treasurer Judy Krasomil; Ag Program Manager Dudley Beyer, Single Family Program Manager Jacki Young, Deputy Director of Programs Ted Simpson and Accounting Manager Jody Cook

Guests: Jeff Gertz, Phil Lorenzen, Danielle Hill and Patti Peterson

1. Call Meeting to Order and Roll Call

Chair Richard Baier called the meeting to order at 1:03 p.m. with seven 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 17, 2010 in the *Omaha World Herald* and in the *Lincoln Journal Star*.

2. Approval of the December 18, 2009 NIFA Board of Directors Meeting Minutes

Moved by Graff, seconded by Brabec to approve the December 18, 2009 NIFA Board of Directors Meeting Minutes. Motion carried unanimously.

3. Executive Director's Report

Tim Kenny invited all board members to attend NIFA's Annual Housing Conference on January 26 & 27, 2010 at the Omaha Marriott. The Federal Home Loan Bank of Topeka will be named this year's Housing Champion at the luncheon on Tuesday. Tim reported he attended the National Association of Home Builders Conference where David Crowe, Chief Economist, gave a presentation on Housing and Economic Outlook. Tim shared Mr. Crowe's slide presentation with the board.

4. Public Comment related to the January 22, 2010 Agenda Items (comment period limit 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.

AGRICULTURAL FINANCE DIVISION

5. Ratification of the Public Hearing held Thursday, January 21, 2010 at 9:30 a.m. for the following project:

Moved by Graff, seconded by Blazek to ratify the Public Hearing held Thursday, January 21, 2010 at 9:30 a.m. for the following project. Karon Andretti reported no one attended the public hearing. Motion carried unanimously.

#1288 – Brian and Heather Mumm

6. Adoption of State Bond Allocation

Moved by Graff, seconded by Brabec to adopt the following State Bond Allocation. Motion carried unanimously.

Allocation: 10-30-001 – Brian and Heather Mumm
Issuer: NIFA
Allocation Amount: \$253,848
Allocation Classification: Industrial Revenue

7. Adoption of the following Agricultural Finance Division Bond Resolution

Moved by Brabec, seconded by Graff to adopt the following Agricultural Finance Division Bond Resolution. Motion carried unanimously.

Bond Resolution #1288 - Brian and Heather Mumm in the amount of \$253,848 for the purchase of 160 acres of farm real estate, including various farm buildings, grain bins, center pivot, and a new well, located in Fillmore County, Nebraska.

SINGLE FAMILY HOUSING FINANCE DIVISION

8. Status Report on Single Family Program and Market Developments

Jacki Young reported that last week NIFA lowered interest rates. NIFA's current interest rates are 5.10% for ABC, 4.95% for First Home Plus and 4.70% for First Home. The loan volume for January to date is 41 loans for a total of \$3.8 million. Jacki indicated that FHA has announced some changes to their program. They are proposing to increase the upfront mortgage insurance premiums from 1.75% to 2.25% effective April 2010. The allowable seller concessions are currently 6% and will be reduced to 3%. Jacki distributed a map illustrating the number of NIFA loans closed in calendar years 2007, 2008 and 2009 by county. Eighty-one of the ninety-three counties had closed 7,385 NIFA loans totaling \$735.2 million with 61% for properties located in urban areas and 39% for properties located in rural areas. The average loan size was \$99,554. A list of NIFA's 96 participating lenders was also distributed. Judy Krasomil reported that there is currently \$45 million in the pipeline. Tim expressed his appreciation to Steve Clements, Judy Krasomil, and Patti Peterson and her staff for their outstanding work in connection with the issuance of bonds under the New Issue Bond Program launched by the U.S. Department of Treasury, together with Fannie Mae and Freddie Mac in December. Under the program, NIFA was able to lock in a below market rate on the long bonds which will favorably impact the Single Family Program in 2010. Jeff Gertz, J.P. Morgan gave an update on the national bond market.

OUTREACH

9. Report from the Outreach Department

Ted Simpson gave the following Outreach Report.

NIFA's Housing Innovation Marketplace Conference – This year's conference theme is "Get in the Game" and is scheduled for January 26 and 27 at the Omaha Marriott. A total of 230 people have pre-registered. The keynote speakers are Orlando Cabrera, Counsel for Nixon Peabody, LLC; Dr. Vaughn Grisham, Director of the McLean Institute for Community Development and Professor of Sociology at the University of Mississippi; and Robert Gaudin, President and Director of Research and Planning at Western Economic Services. The 2010 Nebraska profile will be released at the conference. There will be 15 sessions focusing on Single Family, Multifamily and General Interest topics. NIFA will award its 2010 Housing Champion Award to the Federal Home Loan Bank of Topeka.

USDA's Rural Development Statewide Video Conference – As part of a national initiative, Nebraska Rural Development Director Maxine Moul hosted the Nebraska Forum on Rural Jobs and Small Business Credit on January 8. Over 30 local, state, federal and education entities and associations were listed as co-conveners including DED and NIFA. There were 196 participants from across the state. Steve Peregrine and Ted Simpson attended.

Fremont Training – On January 14, Don Peterson and Associates hosted a briefing for local realtors. Jackie Young, Steve Peregrine and Ted Simpson made a presentation on the Advanced Buyer Credit – 2 product. There were 25 attendees.

NCSHA's HFA Institute Workshops – Kelly Schultze from the tax credit department attended this conference during the week of January 11.

OTHER BUSINESS/ANNOUNCEMENTS

- 10. Consideration of Adoption of Bond Resolution No. 326 to Adopt the NIFA Health Reimbursement Arrangement and Adjust Health Savings Account Contributions**
Jody Cook reported that each year NIFA is faced with the challenge of trying to balance the commitment to provide employees affordable health care coverage while managing the rapidly rising cost of health insurance. In 2005, NIFA implemented a high-deductible health insurance plan and established a Health Savings Account ("HSA") for each eligible employee. The significant premium savings enabled NIFA to make contributions to employees' HSA's to offset the increased deductible. NIFA has the disadvantage of being a small risk pool, and annual premium increases have continued to be unavoidable. One way that NIFA has managed rising health care costs is by increasing plan deductibles. Another available tool to assist in managing increased costs to both NIFA and the employees is to utilize a Health Reimbursement Arrangement ("HRA"). The HRA is an employer-funded account used, in addition to the HSA, to reimburse eligible medical expenses of employees. The difference between a HSA and HRA is that HSA balances belong to the employee, while HRA balances left unused at the end of the Plan year are retained by the employer. Under the revised Plan, NIFA would contribute the statutory minimum deductible to an eligible employee's HSA. The amount established by NIFA for each employee's HRA would be the difference between the NIFA Group Health Plan deductible and the statutory minimum deductible (less \$250 individual/\$500 family). This resolution will authorize creating the NIFA Health Reimbursement Arrangement and to amend the amount of the contribution to the HSA. Total contributions to each employee's HSA and HRA accounts will not exceed 95% of the employee's deductible. Moved by Graff, seconded by Brabec to adopt Bond Resolution No. 326 to adopt the NIFA Health Reimbursement Arrangement and Adjust Health Savings Account Contributions. Motion carried unanimously.
- 11. Staff Briefing – NIFA's Winter Review - Financial Performance and Considerations In Unsettled Economic Climate**
Tim Kenny stated NIFA's mission is to provide Nebraskans a broad range of financial resources for homeownership, rental housing, agriculture, economic development, medical and community development; provide technical assistance for these activities and preserve and grow NIFA's asset base. NIFA's vision is to be Nebraska's public/private financing resource – a skilled, flexible organization upon which the State can rely to provide long-term financing tools, addressing the needs of Nebraska as provided in the NIFA Act. NIFA operates within the statutory authority given to it by the State. NIFA has dedicated its technical resources and financial resources for the betterment of the State and has worked to maintain the support of the communities. The programs that NIFA offers to low-moderate income citizens have to have high utility as well as support in the community and strong partners. NIFA has the authority and flexibility to leverage money and resources which enables NIFA to help organizations invest future income streams when revenues available are insufficient to fund the cost of capital assets. NIFA staff gave the following presentations. Rating Agency – Steve Clements, Financial – Judy Krasomil, Operational – Steve Clements and Reserves – Judy Krasomil.
- 12. Executive Session to Discuss Executive Director's Performance Review**
Moved by Brabec, seconded by Blazek to go into Executive Session to discuss Executive Director's performance review at 2:45 p.m. Motion carried unanimously.

Richard Baier, immediately prior to the closed session, restated that the closed session would be limited to discussion of the Executive Director's performance review.

Moved by Blazek, seconded by Brabec to go into Open Session at 3:17 p.m. Motion carried unanimously
- 13. Report to the Board from the Management Committee**
Richard Baier reported that the Management Committee (consisting of Richard Baier, John Blazek, Michael Maroney and Mary Jo McClurg) had a conference call prior to the board meeting to discuss the executive director's evaluations that were submitted by board members. As part of the process, Richard indicated that the Management Committee would like to schedule quarterly committee meetings and requested that NIFA staff provide prior notice to the Management Committee of notification dates set forth in the executive director's contract. The Management Committee would like to meet with Tim Kenny prior to the February board meeting to discuss goals and objectives for the year 2010.

- 14. Review and Approval of Report and Recommendation from Management Committee Regarding Executive Director's Performance Review**
Moved by Blazek, seconded by Brabec to recommend that the Executive Director receive 100% of his eligible bonus amount for his performance in 2009 per the terms of the contract. Motion carried with McClurg voting yes, Baier voting no, Blazek voting yes, Brabec voting yes, Graff voting yes, Langemeier voting no and Maroney voting yes.
- 15. Announcements and Discussion of Upcoming Events and Scheduling**
NIFA Board Meeting – February 26, 2010 at 1:00 p.m. at NIFA's Board Room
NCSHA Legislative Conference – March 8-10, 2010 – Karon Andretti reported that hotel rooms have been reserved and asked board members to let her know if they planned on attending so registrations can be processed.
Meeting with Congressman Lee Terry – Monday, January 25, 2010 @ 10:00 a.m. – John Blazek and Michael Maroney indicated they would be available to attend the meeting with Tim Kenny.
S&P Meeting – Tim indicated that in late March NIFA would like to schedule a meeting with S&P. Tim invited board members to join staff at this meeting.
NCSHB Conference – 3rd or 4th week of August, 2010 in Portland, Oregon
- 16. Adjournment**
Moved by Maroney, seconded by McClurg to adjourn at 3:25 p.m. Motion carried unanimously.

Respectfully submitted,

Timothy R. Kenny
Executive Director