

**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 11, 2011 @ 10:00 A.M.

**Notice Published: February 6, 2011 - *Omaha World Herald*
February 6, 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, Marlin Brabec, Michael Maroney, Mary Jo McClurg, Jeff States, John Way and Bobbie Wickham

Board Members Absent: Pete Graff

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, Deputy Director of Community Investment Steve Peregrine, LIHTC and CRANE Manager Robin Ambroz-Hollman and Outreach Program Administrator Elizabeth Fimbres

Guests: Jeff Gertz, Rose Jaspersen, Paula Rhien, Scott Keene, Thomas Judds, Phil Lorenzen and Patti Peterson

1. Call Meeting to Order and Roll Call

Chair Richard Baier called the meeting to order at 10:02 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, February 6, 2011 in the *Omaha World Herald* and in the *Lincoln Journal Star*.

2. Approval of the January 14, 2011 NIFA Board of Directors Meeting Minutes

Moved by States, seconded by Brabec to approve the January 14, 2011 NIFA Board of Directors Meeting Minutes. Motion carried unanimously.

3. Executive Director's Report

Tim Kenny reported on the following:

Future of Freddie and Fannie – Tim indicated there is a lot more information in the media and the public sector about the future of Freddie and Fannie and not as much about FHA and Federal Home Loan Banks. It is a very interesting time. Secretary Geithner gave an interview earlier this morning and Jeff Gertz will be giving an update later in the meeting.

NCSHA Leg Con – NCSHA Leg Con is scheduled for March 7-9, 2011 in Washington, DC with John Blazek, Michael Maroney and Tim attending. Tim invited other board members to attend as well. Meetings are being scheduled with Nebraska's Delegation to discuss the importance of the mortgage revenue bond program to provide affordable first-time ownership housing and the housing tax credit program as it relates to multifamily housing.

4. Public Comment related to the February 11, 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.

AGRICULTURAL FINANCE DIVISION

5. Ratification of the Public Hearing held Thursday, February 10, 2011, at 9:30 a.m. for the following projects:

Moved by McClurg, seconded by Brabec to ratify the Public Hearing held Thursday, February 10, 2011, at 9:30 a.m. for the following projects. Karon Andretti reported no one attended the public hearing. Motion carried unanimously.

#1296 – Matthew and Katie Coleman

#1245R – Calvin and Kristie Dodd

6. Adoption of State Bond Allocation

Moved by Blazek, seconded by McClurg to adopt the following State Bond Allocation. Motion carried unanimously.

Allocation: 11-30-003 – Matthew and Katie Coleman

Issuer: NIFA

Allocation Amount: \$200,000

Allocation Classification: Industrial Revenue

7. Adoption of the following Agricultural Finance Division Bond Resolutions

Moved by McClurg, seconded by Way to adopt the following Agricultural Finance Division Bond Resolutions. Motion carried unanimously.

Bond Resolution #1296 - Matthew and Katie Coleman in the amount of \$200,000 for the purchase of 383 acres, more or less, of farm real estate, located in Lincoln County, Nebraska.

Bond Resolution #1245R - Calvin and Kristie Dodd in the amount of \$68,312.32 for the refinancing of 835 acres, more or less, of farm real estate, located in Dawes County, Nebraska.

Chair Baier moved Agenda #8 forward due to a scheduling conflict.

SINGLE FAMILY HOUSING FINANCE DIVISION

9. Status Report on Single Family Program and Market Developments

Jacki Young reported loan reservations have increased this past month. For January, NIFA received 93 loans for \$8.6 million with a daily average of \$400,000. To date for February, NIFA has received 61 loans for \$5.9 million with a daily average of \$750,000. So far this year, NIFA has received 154 loans for \$14.5 million of which 85% were requesting first mortgages and 15% were requesting downpayment assistance. NIFA's current lending interest rate is 4.5 percent. Judy Krasomil reported there is currently \$39 million in the pipeline of which \$17 million has been securitized. Jeff Gertz, J.P. Morgan, reported the municipal bond market seems to have begun to stabilize. Jeff reported that Treasury just released its white paper regarding the proposed restructuring of Freddie Mac and Fannie Mae. It appears that there is going to be targeted support for affordable housing. FHA is still going to be around. The goal is to get Freddie and Fannie to give up their portion of the mortgage market within five to seven years. Guaranteed fees are projected to go higher. All of these proposed solutions will be debated and discussed prior to any final decisions.

Tim Kenny reported that the NIFA team is scheduled to meet with Jeff Gertz and his colleagues on March 1 to discuss financial strategies for the next year or two regarding NIFA's Mortgage Revenue Bond Program.

Chair Baier announced that Agenda Item #8 would be discussed.

LOW INCOME HOUSING TAX CREDITS

8. Report on the Collaborative Resource Allocation for Nebraska (CRANE) Meeting held Wednesday, January 19, 2011

Robin Ambroz-Hollman reported that the following projects were in the CRANE process:

- Rainbow Center Independent Living Project – Columbus
- Park School/Roseland Theater - Omaha
- The Doctor's on Park Avenue Development – Omaha
- Veterans Village of Omaha – Omaha – upgraded to a Category II
- Siena Apartments – Omaha – upgraded to a Category III

Robin reported that NIFA received 14 applications for tax credits which will be reviewed next month. This year NIFA only has \$4 million of tax credits to allocate which is considerably less than previous years.

OUTREACH REPORT

10. Report – “The Upside of Down” Housing Conference

Elizabeth Fimbres, Outreach Program Administrator, gave the following report on “The Upside of Down” Housing Conference. This year there was a record attendance of 315 people and a total of 26 exhibitors. The keynote speakers, Shirley Franklin and Dr. John Hoal, not only informed, but also inspired attendees with examples of how neighborhoods and communities can be nurtured and developed beyond the planning and building process. Ninety-eight percent of the respondents ranked the conference above average to excellent. Eight real estate agents, three CPAs and thirteen attorneys received six or more hours of continuing education credit. The annual award ceremony winners were:

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| Housing Champion | John Munn |
| Housing Hall of Fame | Nancy Streibal, Lincoln County Community Development Corp. |
| | Amanda Brewer, Habitat for Humanity |
| Outstanding Real Estate Professional | Jose Correa |
| | Linda Kneifl |
| Outstanding Lenders | Charter West National Bank |
| | First National Bank, Omaha |
| 2010 Property Manager | Dan Dow, Cowboy Properties |
| NIFA 2010 Innovative Project of the Year | Sunrise East |

Tim Kenny expressed his appreciation to Elizabeth and the other NIFA staff members for all their time and effort in making this the best housing conference to date. Tim also thanked the following sponsors for their support:

- Ameritas Investment Company
- Kutak Rock
- National Equity Fund, Inc.
- U.S. Bank Home Mortgage
- Wells Fargo Bank N.A.

11. Discussion of Nebraska Enterprise Fund Request for Technical Assistance and Loan Loss Reserve Funding

Steve Peregrine reported that the Nebraska Enterprise Fund (NEF) is a statewide nonprofit financial intermediary dedicated to supporting microenterprise practitioners. They have submitted a Strategic Partnership Proposal to NIFA with a goal of increasing outreach to micro businesses while increasing their self-sufficiency. The specific request is for \$72,000 in loan loss reserve funding and a 5-year commitment for technical assistance at \$35,000 per year. Their targeted outcomes are to increase their current 5% loan loss reserve to 8% with ultimate goal of 10% and to increase their lending capital from \$4.2 million to \$10 million by 2018. Increasing their lending capital will enable NEF to increase their self-sufficiency ratio currently at 37% (earned income/expenses) to a goal of 75% by 2020. Steve Peregrine introduced Rose Jaspersen, Executive Director of the Nebraska Enterprise Fund, who answered questions from the board regarding the proposed proposal. This item will be brought back to the board at a later meeting for consideration.

BUSINESS AND INDUSTRIAL FINANCE DIVISION

12. Discussion of Nebraska Modernization Fund Concept

Tim Kenny distributed information on the proposed Modern Asset Grant Program ("MAG") and Modern Asset Capital Access Program ("CAP"). Tim indicated that through these programs NIFA proposes offering "modernization" resources to Nebraska manufacturers and ag-processors. The programs attempt to stimulate modern asset investment by Nebraska small businesses (from 5 to 100 employees, assets between \$100,000 and \$5,000,000). The resources are available as either a grant ("MAG") or loan loss reserve deposit ("CAP") program. The Nebraska 2010 Battelle Assessment suggested Nebraska develop a financing mechanism and a financial incentive for manufacturing modernization, expansion and technological advancement. With the assistance of the Nebraska Department of Economic Development, and input from the financial industry, NIFA developed a two-prong program designed to accelerate small business investment in targeted assets. The incentives are available for investments made by existing small businesses that will, within six months, modernize their production assets, expand their production lines to increase market share and/or target international markets with new products. The MAG Program would offer a direct grant in an amount up to 6% of eligible basis for new or used (mfg. after 2005) machinery and equipment used for manufacturing or ag-processing. The CAP Program would provide a matching loan loss reserve deposit in an amount up to 5% of the eligible amounts borrowed for new or used (mfg. after 2005) machinery and equipment used for manufacturing or ag-processing business. Richard Baier indicated that his staff would market the programs. He also indicated he would meet with a group of bankers to again review this concept with them.

OTHER BUSINESS/ANNOUNCEMENTS

13. Reports from Board Committees

The Management Committee will give their report later in the agenda.

14. Announcements and Discussion of Upcoming Events and Scheduling

NCSHA Leg Con – March 7-9, 2011 in Washington, DC. Meetings are being scheduled with Nebraska's Delegation.

NIFA Board Meetings – The next NIFA Board Meeting is scheduled for March 11, 2011 at 10:00 a.m. All future board meetings will be at 10:00 a.m.

15. Closed Session to Discuss

- (a) Performance Reviews of Executive Director**
- (b) Mediation and Litigation Matters**

Moved by Blazek, seconded by Way to go into closed session at 11:10 a.m. to discuss the following two items: (1) NIFA's claim against Lehman Brothers Financial Products Inc. (LBFP), mediation, litigation and developments in connection therewith and (2) review of performance evaluations of the Executive Director, which closed session is necessary to protect the interests of NIFA, its employees and the public. Motion carried unanimously.

Chair Baier stated the closed session discussion shall be limited to matters related to (1) NIFA's claim against LBFP, mediation, litigation and developments with respect to such claim, and (2) review of performance evaluations of the Executive Director. Members shall restrict their consideration of matters during the closed session to those purposes stated in the Motion.

Moved by Wickham, seconded by McClurg to go into open session at 12:27 p.m. Motion carried unanimously.

Agenda Items #16 and #17 were discussed as one item.

- 16. Report from Management Committee on the Results of the Executive Director's Annual Performance Review**
- 17. Review and Consideration for Approval of the Recommendations Arising from the Executive Director's Annual Performance Review**
Richard Baier reported the Management Committee (consisting of Richard Baier, John Blazek, Michael Maroney and Mary Jo McClurg) met prior to the Board meeting to review and discuss the evaluations. Moved by McClurg, seconded by Maroney to approve a full bonus be given the Executive Director per the contract. Motion carried unanimously.
- 18. Consideration of Adoption of a Resolution with respect to Mediation and Litigation Matters**
Moved by Blazek, seconded by Way to authorize the Executive Director of NIFA to proceed, in connection with NIFA's claim against Lehman Brothers Financial Products Inc., with negotiations and a resolution (including, but not limited to settlement, mediation, litigation) of the claim acceptable to the Executive Director and, in his opinion, in the best interests of NIFA. Motion carried unanimously.
- 19. Adjournment**
Moved by Maroney, seconded by McClurg to adjourn at 12:30 p.m. Motion carried unanimously.

Respectfully submitted,

Timothy R. Kenny
Executive Director

