

**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, APRIL 8, 2011 @ 10:00 A.M.**

**Notice Published:      April 3, 2011 - *Omaha World Herald*  
April 3, 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: John Blazek, Marlin Brabec, Pete Graff, Michael Maroney, Mary Jo McClurg, Jeff States, and John Way

Board Members Absent: Richard Baier and Bobbie Wickham

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 Assistant Manager Cindy Trautman, Deputy Director of Operations Larry Jablonski, Deputy Director of Finance Christie Weston, Deputy Director of Programs Ted Simpson, Deputy Director of Community Investment Steve Peregrine, and LIHTC and CRANE Manager Robin Ambroz-Hollman

Guests: Cindy Koster, Wendy Werner, Kim Kuhle, Jeff Gertz, Phil Lorenzen and Patti Peterson

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

Vice Chair Pete Graff called the meeting to order at 10:04 a.m. with seven members present. Pete 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, April 3, 2011 in the *Omaha World Herald* and in the *Lincoln Journal Star*. Karon also reported that the agenda had been amended on Thursday, April 7, 2011, at 9:30 a.m. to increase the dollar amount for Agenda Item #8.

**2. Approval of the March 11, 2011 NIFA Board of Directors Meeting Minutes**

Moved by Brabec, seconded by McClurg to approve the March 11, 2011 NIFA Board of Directors Meeting Minutes. Motion carried unanimously.

**3. Executive Director's Report**

Tim Kenny gave the following report.

Governor's Agricultural Excellence Awards – Tim and Dudley Beyer attended the Governor's Agricultural Excellence Awards on April 7. Governor Heineman and Greg Ibach, Department of Agriculture, were also present. This is the 14<sup>th</sup> year NIFA has sponsored the Governor's Agricultural Excellence Awards for FFA. Standard & Poor's – Tim reported that Standard & Poor's has reaffirmed NIFA's AA- rating and has increased NIFA's outlook from "stable" to "positive." Tim distributed a copy of the Standard and Poor's write up about NIFA's rating.

**4. Public Comment related to the April 8, 2011 Agenda Items (comment period limited to five minutes)**

Pete Graff 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.

**MINUTES**

### AGRICULTURAL FINANCE DIVISION

5. **Ratification of the Public Hearing held Thursday, April 7, 2011 at 9:30 a.m. for the following project:**  
Moved by States, seconded by McClurg to ratify the Public Hearing held Thursday, April 7, 2011 at 9:30 a.m. for the following project. Motion carried unanimously.

#1297 – Timothy and Stephanie Hruby

6. **Adoption of State Bond Allocation**  
Moved by McClurg, seconded by States to adopt the following State Bond Allocation. Motion carried unanimously.

Allocation: 11-30-004 – Timothy and Stephanie Hruby  
Issuer: NIFA  
Allocation Amount: \$247,000  
Allocation Classification: Industrial Revenue

7. **Adoption of the following Agricultural Finance Division Bond Resolution**  
Moved by McClurg, seconded by Blazek to adopt the following Agricultural Finance Division Bond Resolution. Motion carried unanimously.

Bond Resolution #1297 - Timothy and Stephanie Hruby in the amount of \$247,000 for the purchase of 1,120 acres of farm real estate, located in Dawes County, Nebraska.

### DEVELOPMENT FINANCE DIVISION

8. **Adoption of State Bond Allocation**  
Steve Clements reported that the City of Waverly has adopted an intent resolution to issue up to \$2,600,000 in industrial development revenue bonds, the proceeds of which would finance the costs and expenses incident to the acquisition and construction of a facility and acquisition of machinery, equipment and other personal property for lease to Kamterter II (The "Company") to be located in Waverly, Nebraska. At this plant, the Company will do seed augmentation which involves subjecting the seed to controlled hydration, moisture, temperature and aeration processes and applying a coating to the seed to accomplish the seed enhancement process, controlling the time of germination to optimize planting for particular areas and soil conditions. They are anticipating the addition of twelve new employees this year. Pat Spethman, U.S. Bank, and John Eastin, Operating Manager for PJN, LLC, were present to answer questions regarding the project. Moved by States, seconded by McClurg to adopt the following allocation. Motion carried unanimously.

Allocation: 11-30-005 – PJN, LLC/Kamterter II Plant  
Issuer: City of Waverly  
Allocation Amount: \$2,600,000  
Allocation Classification: Industrial Development

### LOW INCOME HOUSING TAX CREDITS

9. **Report on the Collaborative Resource Allocation for Nebraska (CRANE) Meeting held Wednesday, March 23, 2011**

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

Park School/Roseland Theater – Omaha  
The Doctor's on Park Avenue Development – Omaha  
Veterans Village of Omaha – Omaha  
Siena Apartments – Omaha  
South Bend Apartments – Scottsbluff  
Turner Park Lofts – Omaha  
City Impact Homes – Lincoln

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**10. Presentation by NIFA Staff – Low Income Housing Tax Credit Program (with guest Dr. Tom Barber, People’s City Mission)**

Robin Ambroz-Hollman introduced the staff in the Low Income Housing Tax Credit (LIHTC) Department and expressed her appreciation for all the hard work they do to make the program successful. Robin also introduced and thanked Theresa Bima-Reeves, Kutak Rock, who is NIFA’s counsel. Tim Kenny introduced Pastor Tom Barker, People’s City Mission. Pastor Barker expressed his appreciation to the NIFA Board and staff for their help in expanding the Mission to include the Curtis Center, providing transitional housing for men. In 2009, the Curtis Center established a partnership with the Veteran’s Administration to better serve veterans. The Center provides 30 rooms for veterans, providing not only shelter and meals but also access to counseling, social activities, and aftercare upon transitioning to permanent housing. Robin gave a presentation on the Low Income Housing Tax Credit Program. Basic requirements to be eligible for tax credits consist of 1) rental units that are rent and income restricted and 2) must choose a minimum of 20% of the units rented to households at 50% of the Area Median Income or less or 40% of the units rented to households at 60% of the Area Median Income or less. A Qualified Allocation Plan (QAP), which governs the annual distribution of tax credits, is prepared on an annual basis and, after a public hearing, is approved by the NIFA Board and the Governor. Robin stated that from 2001-2010 NIFA has approved a total of 4,686 tax credit units with a total investment of \$624,879,346 in funding sources. Fifty-seven percent of the projects were in urban areas and forty-three percent were in rural areas. The LIHTC Program has value added components consisting of the CRANE (Collaborative Resource Allocation of Nebraska) which is designed for difficult to develop projects and CROWN (Credits to Own) which allows tenant homeownership after 15 years. The LIHTC Department has their tax credit application on line and is in the process of putting certification online to enhance their department’s efficiency.

### SINGLE FAMILY HOUSING FINANCE DIVISION

**11. Status Report on Single Family Program and Market Developments**

Cindy Trautman, Assistant Single Family Manager, reported that for the month of March NIFA received 182 loans for \$17.8 million with a daily average of \$775,000. NIFA introduced their conventional loan product on March 11. Year-to-date, NIFA has received 458 loans totaling \$44.5 million of which 63% were FHA, 29% RD, 5% VA and 3% Conventional. Fifty-seven percent were in urban areas and 43% were in rural areas. NIFA’s current lending rates are 4.5% for First Home Focused (targeted areas), 4.5% for First Home Plus, 5% for Homebuyer Assistance, 3% for Affordable Housing Program and 5% for Conventional. The Single Family Department conducted their annual lender training on April 12 in North Platte with 71 participants and on April 13 in Omaha with 270 participants. In addition to lenders, U.S. Bank, Rural Development and four mortgage insurance providers attended. John Way attended the sessions in North Platte and felt the group was very enthusiastic about the future. The Nebraska Realtors Convention is April 12 and 13 and NIFA will be a presenter at one of their sessions as well as sponsoring a coffee for realtors who have been in the business two years or less. Judy Krasomil reported that NIFA has \$71 million in the pipeline of which \$30 million has been securitized. Jeff Gertz gave an overview of the national bond market.

**12. Discussion of Market Alternatives for NIFA’s Single Family Bonds**

Jeff Gertz reported that NIFA staff and JP Morgan have been looking at alternative markets and structures for NIFA Single Family Bonds to take advantage of efficiencies in various markets and alternative bond structures. An approval to proceed with an alternative bond structure may be sought at the next board meeting.

### OUTREACH REPORT

**13. Report from the Outreach Department**

Ted Simpson gave the following Outreach Department Report.

North Omaha Village Revitalization Plan – Ted distributed a copy of the executive summary of the plan.

The goal and expectation is that this plan, jointly funded by Alliance Building Communities and NIFA and developed over the last two years with substantial community involvement, will be submitted to the Omaha Planning Board in May or June for formal approval and subsequently to the City Council for formal adoption as the Urban Land use Plan for North Omaha.

Mountains Plains Housing Summit – NIFA is hosting the Mountain Plains Housing Summit on May 2-4, 2011 at the Magnolia Hotel in Omaha. The theme for the summit is “HFA’s as Community Entrepreneurs.” Kutak Rock is generously hosting and sponsoring the opening “Welcome Reception” on Monday evening. On Tuesday, Gallup will be giving a presentation followed by a private dinner in the Aquarium and IMAX showing at the Omaha Henry Doorly Zoo. Participating states include Colorado, Utah, South Dakota, North Dakota, Montana and Wyoming. A tentative agenda was distributed to the board members. Board members wishing to attend were asked to contact Karon Andretti.

#### **BUSINESS AND INDUSTRIAL FINANCE DIVISION**

**14. Update on Nebraska Modernization Fund Concept**

Tim Kenny reported NIFA had a meeting with the Governor’s Policy Research Office and the program was well received. A public hearing via video conference has been scheduled for Friday, April 15, 2011, to review the proposed program concepts and guidelines and to receive public input regarding the program. Those comments and suggestions will be taken into consideration. Final program guidelines will be presented to the board at the May Meeting for their approval. It is NIFA’s goal to launch this program June 1, 2011.

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

**15. Reports from Board Committees**

Audit Committee – The Audit Committee (consisting of John Blazek, Pete Graff, Mary Jo McClurg and Jeff States) met via conference call on April 7, to discuss the proposal received from NIFA’s independent accountants, KPMG, for the 2011 financial statement audit and A-133 audit. John Blazek reported a new proposal is received annually, so the contract with KPMG is for one year only. The committee reviewed with staff information about audit fees and firms used by housing finance authorities in states surrounding Nebraska. Based upon input received from staff regarding NIFA’s relationship with KPMG as independent auditors, the Audit Committee recommended to the Board of Directors that KPMG be retrained to perform NIFA’s 2011 audit.

Management Committee – The Management Committee (consisting of John Blazek, Michael Maroney and Mary Jo McClurg – Richard Baier was absent) met prior to the board meeting. Mary Jo McClurg reported the committee reviewed the form used to evaluate the Executive Director and are considering changes which they feel will make the evaluation easier to complete and more meaningful. A notice was handed out to the Board and Executive Director regarding the rights of termination provided for in the contract.

**16. Consideration and Approval of the Engagement of KPMG as NIFA’s Auditors for fiscal year ending June 30, 2011**

Moved by McClurg, seconded by States to approve the engagement of KPMG as NIFA’s Auditors for fiscal year ending June 30, 2011 and execution by management of the engagement letter. Motion carried unanimously.

**17. Announcements and Discussion of Upcoming Events and Scheduling**

May NIFA Board Meeting – There was discussion about moving the May board meeting from May 13 to May 6 due to the potential of a new single family bond issue needing board approval sooner than the 13<sup>th</sup>. An email will be sent to the board members to determine whether this date will work.

Mountain Plains Summit – May 2-4, 2011 at the Magnolia Hotel in Omaha, Nebraska Board members are to let Karon Andretti know if they plan on attending.

NCSHA Housing Credit Conference – June 13-16, 2011 in Atlanta, Georgia.

NCSHB Conference – August 14-16, 2011 in Santa Fe, New Mexico

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**18. Closed Session to Discuss Mediation and Litigation Matters**

Moved by Blazek, seconded by Way to go into closed session at 11:48 a.m. to discuss NIFA's claim against Lehman Brothers Financial Products Inc. (LBFP), mediation, litigation and developments in connection therewith and strategies with respect to such claim, mediation and litigation, which closed session is necessary to protect the interests of NIFA and the public. Motion carried unanimously. Vice Chair Graff stated immediately prior to commencement of the closed session that the closed session discussion shall be limited to matters related to NIFA's claim against LBFP, mediation, litigation and developments in connection therewith 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 McClurg, seconded by Maroney to go into Open Session at 12:07 p.m. Motion carried unanimously.

**19. Adjournment**

Moved by Blazek, seconded by Way to adjourn at 12:09 p.m. Motion carried unanimously.

Respectfully submitted,

Timothy R. Kenny  
Executive Director