

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

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

MINUTES OF FRIDAY, May 15, 2009 @ 1:00 P.M.

**Notice Published: May 10, 2009 – *Omaha World Herald*
 May 10, 2009 - *Lincoln Journal Star***

Open Meetings Act - A copy of the Open Meetings Act was located on the table as you enter the room.

NIFA BOARD MEMBERS PRESENT

Board Members Present: John Blazek, Marlin Brabec, Carl Brasee, Pete Graff, Joseph Jurich, Ginger Langemeier and Mary Jo McClurg

Board Members Absent: Richard Baier and Michael Maroney

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, LIHTC and CRANE Manager Robin Ambroz, Single Family Program Manager Jacki Young and Community Development Specialist Meribah Moore

Guests: Jeff Gertz, Charles Ziese, Mark O'Brien, Jan Thayer, Janet Latimer, Jim O'Hare, Pamela Forster, Rick Bay, Joel VanderVeen, Scott Keene, Rob Woodling, Dan Kubr, Paula Rhian Mike Fallesen and Patti Peterson

1. Call Meeting to Order and Roll Call

Vice Chair Pete Graff called the meeting to order at 1:10 p.m. with seven members present. Tim Kenny 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, May 10, 2009 in the *Omaha World Herald* and in the *Lincoln Journal Star*.

2. Approval of the March 26 and 27, 2009 NIFA Board of Directors Meeting and Retreat and April 17, 2009 NIFA Board of Directors Meeting Minutes

Moved by McClurg, seconded by Blazek to approve the March 26 and 27, 2009 NIFA Board of Directors Meeting and Retreat and April 17, 2009 NIFA Board of Directors Meeting Minutes. Motion carried unanimously.

3. Executive Director's Report

Tim Kenny reported that his comments would be included in the agenda items as presented.

4. Public Comment related to the May 15, 2009 Agenda Items (comment period limit 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.

AGRICULTURAL FINANCE DIVISION

5. Ratification of the Public Hearing held Thursday, May 14, 2009, at 9:30 a.m. for the following projects:

Moved by Brasee, seconded by McClurg to ratify the Public Hearing held Thursday, May 14, 2009, at 9:30 a.m. for the following projects. Karon Andretti reported no one attended the public hearing. Motion carried unanimously.

#1279 – Ronald and Wanda Brovont
#1280 – Darren Grotz
#1281 – Justan Wynegar
#1282 – Michael and Emily Spilker

6. Adoption of State Bond Allocations

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

Allocation: 09-30-005 – Ronald and Wanda Brovont
Issuer: NIFA
Allocation Amount: \$194,913
Allocation Classification: Industrial Revenue

Allocation: 09-30-006 – Darren Grotz
Issuer: NIFA
Allocation Amount: \$420,000
Allocation Classification: Industrial Revenue

Allocation: 09-30-007 – Justan Wynegar
Issuer: NIFA
Allocation Amount: \$154,262
Allocation Classification: Industrial Revenue

Allocation: 09-30-008 – Michael and Emily Spilker
Issuer: NIFA
Allocation Amount: \$236,500
Allocation Classification: Industrial Revenue

7. Adoption of Agricultural Finance Division Bond Resolutions

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

Bond Resolution #1279 - Ronald and Wanda Brovont in the amount of \$194,913 for the purchase of 80 acres of farm real estate located in Burt County, Nebraska.

Bond Resolution #1280 - Darren Grotz in the amount of \$420,000 for the purchase of 152.4 acres, more or less, of farm real estate located in York County, Nebraska.

Bond Resolution #1281 - Justan Wynegar in the amount of \$154,262 for the purchase of 161 acres, more or less, of farm real estate located in Butler County, Nebraska.

Bond Resolution #1282 - Michael and Emily Spilker in the amount of \$236,500 for the purchase of 153 acres, more or less, of farm real estate located in Saline County, Nebraska.

DEVELOPMENT FINANCE DIVISION

8. Discussion Regarding Issuance of Bonds for the Clean Water State Revolving Fund in an amount not exceed \$1,000,000 and Approval of a Notice to the Governor and Clerk of the Legislature and the filing thereof

Judy Krasomil reported that the Nebraska Department of Environmental Quality (NDEQ) has informed NIFA of the need to issue bonds for the Clean Water State Revolving Fund Program (the "CWSRF"). Proceeds of the bonds will be used to satisfy the state match requirements for the federal capitalization grant (the "Grant") under the Federal Clean Water Act. The size of the bonds is expected to approximate \$700,000 to provide state match for the FY 2009 Grant which is expected to be approximately \$3,415,700. Both the state match portion and the Grant funds will be used by NDEQ a.) to rehabilitate or extend wastewater treatment works and non-point source control systems and b.) to make certain deposits into the funds and accounts created under one or more trust indentures, including any deposits required to be made to a debt service reserve fund and to pay costs of issuance for the bonds. Judy introduced Rick Bay, Department of Environmental Quality; Scott Keene, Ameritas; and Joel VanderVeen, Kutak Rock Law Firm and indicated they were available to answer any questions concerning the program and the financing. Moved by Blazek, seconded by McClurg to approve the Notice to the Governor and Clerk of the Legislature and the filing thereof. Motion carried with Jurich voting yes, Langemeier voting yes, McClurg voting yes, Blazek voting yes, Brabec voting yes, Brasee abstaining due to his association with Ameritas, the underwriter of the Bonds, and Graff voting yes.

HEALTH CARE FINANCE DIVISION

9. **Ratification of the Public Hearing held Tuesday, April 7, 2009, at 9:30 a.m. for the following project:**
 Moved by Jurich, seconded by McClurg to ratify the Public Hearing held Tuesday, April 7, 2009, at 9:30 a.m. for the following project. Karon Andretti reported no one attended the public hearing. Motion carried unanimously.

Evangelical Lutheran Good Samaritan Society

LOW INCOME HOUSING TAX CREDITS

10. **Report on the Collaborative Resource Allocation for Nebraska (CRANE) Meetings held Wednesday, April 8, 2009, and Wednesday, May 6, 2009**

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

- The Margaret - Omaha – this project has been approved for a Category 1 designation
- Prime-Fallesen Development - Columbus
- Park Avenue - Omaha
- Park School - Omaha – this is a new project

Agenda Items #11 and #12 were discussed as one item.

11. **Report from the Programs Committee**

12. **Consideration and Approval of Conditional Reservations for Round Two Applications in the 2009 Low Income Housing Tax Credit (LIHTC) Program**

The Programs Committee (consisting of John Blazek, Marlin Brabec and Mary Jo McClurg) met via a webinar on Thursday, May 14, 2009, to discuss the Round Two Applications in the 2009 Low Income Housing Tax Credit Program. John Blazek expressed his appreciation to Robin Ambroz-Hollman for putting together the webinar and indicated that all the documents came across very clear. Robin Ambroz-Hollman reported NIFA received seventeen applications for consideration in Round Two; six applications were located in rural areas and eleven were located in urban/MSA areas. Twelve of the applications were located in counties designated as Midwestern Disaster Areas. There were three applications in the CRANE process; one application was located in a rural area and two were located in urban/MSA areas. All three applications were located in counties designated as Midwestern Disaster Areas. NIFA, NDED, and Kutak Rock staff members analyzed the applications in detail. The scoring methods and results used are in accordance with the Amended 2009 LIHTC Allocation Plan which was approved November 21, 2008 by the NIFA Board of Directors and approved by Governor Dave Heineman on November 26, 2008. The following motion was made by Blazek and seconded by McClurg. Motion carried unanimously.

Whereas the Nebraska Investment Finance Authority has completed its review of the applications for Low-Income Housing Tax Credits ("Tax Credits") under the 2009 LIHTC Program – Round Two and CRANE, and; Whereas said review was conducted pursuant to the plan and procedures for the Amended 2009 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, as amended (the "Code"), and the allocation amounts established therein, a "conditional reservation" of Tax Credits shall be granted to the following projects:

ROUND TWO:

<u>Applicant</u>	<u>County</u>	<u>City</u>	<u>Amount</u>
Cambridge Square Crown, L.L.C.	Saunders \ Dodge	Wahoo \ Fremont	\$ 404,551
Gering Valley Estates, L.L.C.	Scotts Bluff	Gering	\$ 419,680
Liberty Estates, L.L.C.	Lancaster	Waverly	\$ 414,475
The Orchards at Wildewood, Limited Partnership	Sarpy	La Vista	\$ 636,347
Hastings Village Gardens Good Samaritan Housing Limited Partnership	Adams	Hastings	\$ 720,152
Northglen, L.P.	Lancaster	Lincoln	\$ 445,625
Mercy Crestview Village Housing, L.P.	Sarpy	La Vista	\$ 976,374
Western Manor, L.P.	Lancaster	Lincoln	\$ 533,780
Ridgewood Crown, L.L.C.	Hall	Grand Island	\$ 275,342
Jefferson Square, L.L.C.	Dawson	Gothenburg	\$ 167,087
Progress for People II, L.L.C.	Lancaster	Lincoln	\$ 301,294
Scott's Creek Crown, L.L.C.	Lancaster	Hickman	\$ 218,841
Dixie Gardens, L.P.	Lincoln	North Platte	\$ 271,761
Reese Estates, L.P.	Lancaster	Waverly	\$ 308,784
Total:			\$6,094,093

CRANE:

<u>Applicant</u>	<u>County</u>	<u>City</u>	<u>Amount</u>
Sixteenth Street Limited Partnership	Douglas	Omaha	\$ 322,386

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 of all outstanding items, including financial and technical questions, to the satisfaction of the Executive Director within ninety (90) days. 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 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. In the event Progress for People II, LLC is unable to demonstrate that the project will be financially feasible with the approved LIHTC amount within ninety (90) days of the date of the conditional reservation, the project may elect to move to the CRANE process due to the targeting of a special needs population.

13. Consideration of Adoption of Board Resolution No. 318 with Respect to Supporting Affordable Housing Equality in the Application of the Federal Tax Code to Federal Housing Programs.

Tim Kenny reported that because of the application of certain provisions of the Federal Income Tax Code with respect to the provision of affordable housing, those most in need of such housing are not being adequately served. In order to address this situation, and to have a meaningful impact on the recovery of the economy through the application of those provisions to the development of affordable housing, the support of those most knowledgeable, the state housing finance agencies and their state governments, must act to ensure that this message is carried to those in Congress. This Board Resolution makes those findings and authorizes the Executive Director to prepare correspondence for the Chair of NIFA, the Governor of the State and Nebraska's Congressional Delegation to express this concern. Moved by McClurg, seconded by Brasee to adopt Board Resolution No. 318 with respect to supporting affordable housing equality in the application of the federal tax code to federal housing programs. Motion carried unanimously.

14. Staff update for Board on LIHTC Program Changes

Robin Ambroz-Hollman reported that NIFA received guidelines from HUD on the Tax Credit Assistance Program (TCAP) on May 5, 2009. Nebraska expects to receive approximately \$11.3 million in TCAP funds. Staff has been very busy reading the guidelines and preparing the TCAP selection and ranking criteria. Robin distributed a draft of the Tax Credit Assistance Program Competitive Process – Selection and Ranking Criteria and briefly explained the threshold eligibility, the application, process, the selection and ranking criteria, the compliance with federal cross-cutting requirements, the TCAP funds distribution and the proposed timeline. NIFA will be posting the proposed TCAP selection and ranking criteria on NIFA's website for one week and request public comment. The final TCAP selection and ranking criteria guidelines have to be submitted to HUD by June 3, 2009. Tim Kenny presented a PowerPoint explaining how the use of TCAP funds can be utilized to support the financing of LIHTC Developments.

SINGLE FAMILY HOUSING FINANCE DIVISION

15. Status Report on Single Family Program and Market Developments

Judy Krasomil reported that the NIFA staff, JP Morgan and Kutak Rock continue to have weekly phone meetings to discuss the current market conditions and to strategize on various financing structures. Judy distributed information including a structure analysis identifying several financing scenarios that NIFA staff is reviewing.

16. Adoption and approval of Resolution No. 316 authorizing the issuance of Mortgage Credit Certificates ("MCCs"), the establishment of an MCC Program in connection with the acquisition or construction of single-family residences, the election with the Internal Revenue Service not to issue private activity bonds in an aggregate amount not to exceed \$25,000,000 and the ratification of publishing public notice of such MCC Program.

Jacki Young reported that NIFA staff has been working with Kutak Rock to prepare a program for issuing MCCs. MCCs are nonrefundable, federal tax credits that provide a form of housing assistance to persons with low and moderate income. The holder of an MCC receives an annual tax credit that the holder can apply against his or her federal tax liability in each year the MCC is effective. The tax credit is equal to a specific percentage of the interest paid or accrued by the holder with respect to certain qualifying mortgage loans. The percentage (the "credit rate") must be at least 10% but may not exceed 50%; the initial percentage is expected to be 20%.

Before issuing MCCs, the Authority must elect not to issue an amount of qualified mortgage bonds and other private activity bonds it otherwise could issue (including any unused carryforward from previous years). This resolution authorizes the Executive Director to make one or more elections in an aggregate amount not to exceed \$25 million. Elections totaling \$25 million would permit the Authority to issue MCCs in a maximum amount not to exceed \$6.125 million. Notice to the public regarding the issuance of MCCs, including the eligibility requirements and the method for issuing MCCs, must be published at least 90 days prior to issuing any MCCs. Staff is proposing to issue MCCs in connection with mortgage loans incurred for the acquisition or construction of single family residences within the State of Nebraska. The guidelines and parameters for eligibility in an MCC program will generally follow the same guidelines and parameters applicable to the types of borrowers and types of properties that qualify for the Authority's single family housing bond program. MCCs will be issued under a qualified MCC program to be established by the Executive Director in accordance with Resolution No. 316. The Executive Director will determine the credit rate for each type of loan, the expiration date, the amount of MCCs to be issued, and other terms and conditions for each MCC program. It is anticipated that the MCCs Program will be available to first-time homebuyers by August 2009. Moved by McClurg, seconded by Brabec to approve Resolution No. 316. Motion carried unanimously.

17. **Adoption and approval of Resolution No. 317 authorizing the execution of the Supplemental Indenture for Second Amendment to NIFA's Single Family Housing Revenue Bond General Indenture of Trust to permit NIFA to purchase its bonds without such purchase causing a cancellation thereof.**
Steve Clements reported this resolution authorizes the execution of a Supplemental Indenture for Second Amendment (the "Second Amendment") to NIFA's General Indenture of Trust, dated as of July 1, 1994 (the "General Indenture"), relating to NIFA's Single Family Housing Revenue Bond Program. Section 58-259 of the NIFA Act provides that subject to an agreement with bondholders to the contrary, the purchase by NIFA of its own bonds results in the cancellation of such bonds. Section 3.12 of the General Indenture currently provides that all bonds purchased by NIFA or its Paying Agent shall be cancelled by NIFA, and that no such Bonds shall be deemed outstanding under the General Indenture and no Bonds shall be issued in lieu thereof. Because of disruptions in the financial markets and specific changes to provisions of the United States Tax Code, instances have arisen and continue to arise in which it would be beneficial, and in some cases imperative, that NIFA be able to purchase certain of its bonds in order to both preserve the strong credit quality of its bonds and to preempt many unintended consequences resulting from the deterioration of the markets. In many of these instances, it would not be in NIFA's best interest to cancel the purchased bonds, such as if NIFA purchased its bonds to prevent them from becoming "Bank Bonds", or if NIFA decided to purchase its bonds for its own investment. Moved by McClurg, seconded by Brabec to approve Resolution No. 317. Motion carried with Brasee abstaining due to his association with Ameritas, Graff voting yes, Jurich voting yes, Langemeier voting yes, McClurg voting yes, Blazek voting yes, and Brabec voting yes.

OUTREACH

18. **Report from the Outreach Department**
Meribah Moore gave the following Outreach Report.
Housing Study Grant Program Awards – A total of \$64,400 have been awarded for housing study grants to the following entities: Albion Economic Development Corporation, Central Nebraska Economic Development Corporation, Falls City Economic Development & Growth Enterprise, Lincoln County Community Development Corporation, Southwest Nebraska Community Betterment Corporation and St. Paul Development Corporation.
First Friday Luncheon – A First Friday luncheon was held in Falls City on May 22, 2009.
Mountain Plains Regional Housing Summit – Tim Kenny, Christie Weston, Ted Simpson and Jacki Young attended the Mountain Plains Housing Summit on May 4-6, 2009 in Cody, Wyoming. This is an annual summit of HFA senior staff from Montana, Idaho, Wyoming, North and South Dakota and Nebraska to share innovative ideas and programs and discuss topics that are unique to and shared by geographically large states with smaller and more rural populations.
Fair Housing Conference – In April, Steve Peregrine presented at the Lincoln Human Rights Commission Annual Fair Housing Conference. Steve provided an update on the latest New York Federal Reserve Banks website data on subprime loans in Nebraska.
Diller and Odell Housing Fair – Robin Ambroz represented NIFA.
Nebraska Economic Developers Association Spring Conference – Steve Peregrine is representing NIFA at this conference in Valentine May 13-15, 2009.
National Development Council (NDC) Training – Meribah Moore recently attended a training session in Philadelphia and successfully completed the second course in a series of four courses to attain a Housing Development Finance Professional Certification sponsored by the National Development Council.

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Nebraska State Realtors Association Conference – Cindy Trautman represented NIFA and had a display booth at the Nebraska State Realtors Association Conference held in LaVista with 745 realtors in attendance. Interns – NIFA is providing funding for a summer internship at South Sioux City. Brent Clark will be working with the City Manager in South Sioux City and will be a graduate student this fall at the University of Nebraska Omaha.

2009 Affordable Housing Tax Credit Compliance Seminar – NIFA's tax credit department conducted a tax credit compliance seminar at the Cornhusker Hotel on May 13 and 14, 2009. There were 190 attendees.

OTHER BUSINESS/ANNOUNCEMENTS

19. Announcements and Discussion of Upcoming Events and Scheduling

Tim Kenny reported the following upcoming events.

NIFA Board Meeting – The next NIFA Board Meeting is scheduled for June 19, 2009.

NCSHA's 2009 Housing Credit Conference & Marketplace – scheduled for June 15-18, 2009 in Los Angeles.

NCSHB – scheduled for August 23-25, 2009 in Rockland, Maine.

20. Adjournment

Moved by Blazek, seconded by Brasee to adjourn at 2:52 p.m. Motion carried unanimously.

Respectfully submitted,


Timothy R. Kenny
Executive Director

