

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

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

MINUTES OF FRIDAY, August 28, 2009 @ 1:00 P.M.

**Notice Published: August 23, 2009 – *Omaha World Herald*
 August 23, 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: Richard Baier, John Blazek, Pete Graff, Ginger Langemeier, Mike Maroney and Mary Jo McClurg

Board Members Absent: Carl Brasee
Marlin Brabec (arrived at 1:12 p.m.)
Joseph Jurich

NIFA Staff Present: Executive Director and Board Secretary Tim Kenny, Clerk Susan Pulec, 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, Deputy Director of Finance Christie Weston, Deputy Director of Programs Ted Simpson, Deputy Director of Community Investment Steve Peregrine, Deputy Director of Operations Larry Jablonski, Assistant LIHTC Manager Teresa Kile

Guests: Cindy Koster, Thomas Judds, Mike Fallesen, Pamela Forster, Rick Fauss, Stan Timm, Mark O'Brien, Phil Lorenzen, WF Hoppe, Scott Keene, Jeff Gertz, Tom Houston, Father Christopher Kubat, Bill Meduna, Dan Kubr, Paula Rhian, and Patti Peterson

1. Call Meeting to Order and Roll Call

Chair Richard Baier called the meeting to order at 1:00 p.m. with six members present. Richard stated that a copy of the Open Meetings Act was located on the table as persons entered the room. Susan Pulec reported that the notice of the meeting was published on Sunday, August 23, 2009 in the *Omaha World Herald* and in the *Lincoln Journal Star*.

2. Approval of the June 19, 2009 NIFA Board of Directors Meeting Minutes

Moved by Graff, seconded by McClurg to approve the June 19, 2009 NIFA Board of Directors Meeting Minutes. Motion carried unanimously.

3. Executive Director's Report

Tim Kenny gave the following report.

NCSHB Educational & Development Workshop – Tim Kenny reported that Mike Maroney, Carl Brasee and Mary Jo McClurg attended the workshop in Rockland, Maine on August 23-25, 2009. Mike Maroney stated there was discussion on transparency at housing finance agencies at the board orientation and a session on neighborhood stabilization that was interesting. Mary Jo McClurg reported HUD is evaluating the effectiveness of its "regular" housing programs using knowledge gained recently in the deployment of our successful "affordable" housing programs.

4. Public Comment related to the August 28, 2009 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, August 27, 2009 at 9:30 a.m. for the following project:** Moved by McClurg, seconded by Graff to ratify the Public Hearing held Thursday, August 27, 2009, at 9:30 a.m. for the following project. Susan Pulec reported no one attended the public hearing. Motion carried unanimously.

#1283 – Jonathan and Kendra Piening

6. **Adoption of State Bond Allocation**

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

Allocation: 09-30-009 – Jonathan and Kendra Piening

Issuer: NIFA

Allocation Amount: \$232,560

Allocation Classification: Industrial Revenue

7. **Adoption of Agricultural Finance Division Bond Resolution**

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

Bond Resolution #1283 – Jonathan and Kendra Piening in the amount of \$232,560 for the purchase of 80 acres, more or less, of farm real estate located in Lancaster County, Nebraska.

Marlin Brabec arrived at the meeting at 1:12 p.m.

8. **Review and Approval of NIFA's Agricultural Report to the Governor and the Legislature**

Dudley Beyer reported the following information related to NIFA's Agriculture Finance Program for fiscal year ending June 30, 2009:

Number of loans made:	8
Average principal amount:	\$204,977
Average interest rate savings for borrower:	1.44%
Average age of borrower:	33
Average net worth of borrower:	\$258,823
Number of counties served:	6
Most active lender by volume:	Adams County Bank in Kenesaw
Average interest rate:	5.25%
Average loan maturity (years):	25
Average lender fees:	\$0

Dudley reported that the program is down from recent years due to the current market situation. Surrounding states saw a similar trend except for Iowa. Iowa focused on additional training for agricultural lenders on their program and implemented an electronic newsletter. An action plan for something similar at NIFA is being created. Moved by Brabec, seconded by McClurg to approve the Agricultural Report. Motion carried unanimously.

DEVELOPMENT FINANCE DIVISION

9. **Adoption of State Bond Allocation**

Steve Clements reported that Plastics Companies Enterprises ("PCE"), a Texas for-profit corporation, is expanding operations at their Geist Manufacturing and HTI Plastics facilities in Lincoln, Nebraska. The expansion involves the purchase of 4 new injection molding machines and related robotics, materials handling, cranes and other auxiliary equipment. PCE anticipates adding an additional 21 full time employees in the next two years to their current 154 full time employees at the Lincoln facilities. PCE has requested that the allocation be increased from \$1,660,000 as stated in their original request to \$1,700,000. The County of Lancaster has entered into an intent resolution and would be the issuer. Moved by Brabec, seconded by Maroney to adopt the following State Bond Allocation at the increased amount of \$1,700,000. Motion carried with Blazek voting yes, Brabec voting yes, Graff voting yes, Langemeier voting yes, Maroney

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voting yes, McClurg voting yes, Baier abstaining due to potential conflict of interest in connection with his role as Director of the Nebraska Department of Economic Development.

Allocation: 09-30-010 – Plastic Companies Enterprises
Issuer: Lancaster County
Allocation Amount: \$1,700,000
Allocation Classification: Industrial Revenue

LOW INCOME HOUSING TAX CREDITS

10. Report on the Collaborative Resource Allocation for Nebraska (CRANE) Meeting held Wednesday, August 12, 2009

Robin Ambroz-Hollman reported there is one project being recommended for Category 1, Progress for People II. There is also one new project in the program, One World Health. Robin stated the Park Avenue project has not provided any updates for several months and they are trying to make contact to establish the project's status.

11. Report from the Programs Committee

Tim Kenny reported the Programs Committee (consisting of Mary Jo McClurg, Marlin Brabec and John Blazek) met via webinar with Robin Ambroz-Hollman and Counsel to discuss Agenda items #12 and #13. There is a recommendation for the Progress for People II project to receive a CRANE conditional reservation. It was previously in Round 2 of the competitive process and was awarded an amount less than what was requested. Upon award notification, the applicant determined the project could not move forward with the reduced funding and as discussed previously was moved into the CRANE process as a project serving special needs. Robin summarized the changes to the project. The number of two and three bedroom units has increased, and the number of one bedroom units has decreased. Father Christopher Kubat stated that they are currently unable to serve the number of domestic violence victims that have come to them for help. The market study that was performed showed that a structure much larger than what is being proposed could be utilized.

12. Consideration and Approval of Conditional Reservations for CRANE in the 2009 Low-Income Housing Tax Credit (LIHTC) Program

The following motion was made by Graff, seconded by McClurg. Motion carried with Maroney abstaining due to being a developer and submitting projects from time to time for consideration of tax credits, McClurg voting yes, Baier voting yes, Blazek voting yes, Brabec voting yes, Graff voting yes and Langemeier voting yes.

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, 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 (the "Code"), and the allocation amounts established therein, a "conditional reservation" of Tax Credits shall be granted to the following projects:

CRANE Program:

<u>Applicant</u>	<u>County</u>	<u>City</u>	<u>Amount</u>
Progress for People II, L.L.C.	Lancaster	Lincoln	\$ 521,963
			Total: \$ 521,963

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.

Mike Maroney recused himself from the meeting at 1:44 p.m.

13. Consideration and Approval of Conditional Awards for the Tax Credit Assistance Program (TCAP) and Section 1602 Program

Robin Ambroz-Hollman explained that there were four sources of funding – LIHTC, MDA credits, TCAP, and Section 1602. The application deadline for TCAP and Section 1602 was July 31, 2009. The applications were reviewed independently by the team of reviewers (Robin Ambroz-Hollman, Teresa Kile, and Ted Simpson of NIFA; Paula Rhian of DED; and Teresa Bima-Reeves of Kutak Rock) and then discussed as a committee. There were 26 applications requesting \$37 million (\$32 million in TCAP and \$5.1 million in Section 1602 funds). Tim Kenny explained that while MDA credits are not currently eligible to exchange, that could change with action by Congress this fall. The following motion to approve conditional awards was made by McClurg, seconded by Blazek. Motion carried unanimously.

Whereas the Nebraska Investment Finance Authority has completed its review of the applications for the Tax Credit Assistance Program (TCAP) and Section 1602 Program, and; Whereas said review was conducted pursuant to the TCAP selection criteria approved by the U.S. Department of Housing and Urban Development (HUD) on June 12, 2009, and the Section 1602 Program guidelines, then Be it resolved that, subject to continued authorization of the TCAP and Section 1602 programs, and the allocation amounts established therein, a “conditional award” shall be granted to the following projects:

TCAP:

<u>Applicant</u>	<u>County</u>	<u>City</u>	<u>Amount</u>
SSCNE, L.P.	Dakota	South Sioux City	\$ 616,261
Progress for People II, L.L.C.	Lancaster	Lincoln	\$ 777,932
Pedcor Investments-2005-LXVII, L.P.	Buffalo	Kearney	\$ 1,287,465
Pedcor Investment-2007-CI, L.P.	Douglas	Omaha	\$ 2,037,352
Reese Estates, L.P.	Lancaster	Waverly	\$ 1,050,158
Rebuilding Lives, LLC	Douglas	Omaha	\$ 1,006,225
Salem Village II Limited Partnership	Douglas	Omaha	\$ 1,613,780
Sixteenth Street Limited Partnership	Douglas	Omaha	\$ 1,494,761
Northglen, L.P.	Lancaster	Lincoln	\$ 926,956
Western Manor, L.P.	Lancaster	Lincoln	\$ 569,676
Total:			\$11,380,566

SECTION 1602:

<u>Applicant</u>	<u>County</u>	<u>City</u>	<u>Amount</u>
Creekside Village Ltd.	Lancaster	Lincoln	\$ 1,986,233
Dixie Gardens, L.P.	Lincoln	North Platte	\$ 1,082,131
Omaha Housing for the Homeless, LLC	Douglas	Omaha	\$ 823,430
Gering Valley Estates, L.L.C.	Scotts Bluff	Gering	\$ 1,718,565
Cherry Ridge Limited Partnership	Dakota	South Sioux City	\$ 420,858
Total:			\$ 6,031,217

Conditions:

- Final award amounts 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.
- A conditional award will become a final award upon the resolution of all outstanding conditional award items, including satisfaction of all federal requirements, financial and technical questions, to the satisfaction of the Executive Director within ninety (90) days. Upon satisfaction of such conditions, an award will require no future action by this Board to become a final award.
- Awards of TCAP and Section 1602 funds will be made pursuant to the requirements under the American Recovery and Reinvestment Act of 2009 and are subject to the representations made in the TCAP \ Section 1602 application, the conditions imposed by the federal requirements of such programs and such other conditions as the Executive Director deems necessary in light of his review of the application within the purposes of the TCAP \ Section 1602 programs.

Draft copies of the 2010 Qualified Action Plan (“QAP”) were distributed to the board for review. Richard Baier recommended that NIFA consider MSAs separately from non-MSA locations versus Urban/Rural.

Mike Maroney rejoined the meeting at 1:49 p.m.

SINGLE FAMILY HOUSING FINANCE DIVISION

14. Status Report on Single Family Program and Market Developments

Jacki Young reported that NIFA has reserved 246 loans for a total of \$23 million in 2009. Of that, 116 are Advance Buyer Credit ("ABC") loans and 130 are First Home program loans. Average purchase price is \$110,000 with 92% of the purchases for existing homes. Of the 100 Single Family participating lenders, 38 are actively reserving NIFA loans. Judy Krasomil reported that we are currently reserving \$2 million in mortgage loans per week. It is expected NIFA will issue a \$30 million bond in October, 2009. Jeff Gertz gave an update on the national bond market.

15. Review and Approval of 2009 Supplemental Resolution to the Resolution Authorizing the Issuance of NIFA's Single Family Mortgage Revenue Bonds, 1983 Series A

Steve Clements reported that Standard and Poor's recently notified NIFA that, absent changes by NIFA, it would be downgrading NIFA's Single Family Mortgage Revenue Bonds, 1983 Series A ("Bonds") from a current rating of AA+ to AA-. This action would be due to a similar decline in ratings for the provider of an investment agreement which holds a large amount of the assets securing the Bonds. NIFA subsequently transferred US Treasury Securities and cash with an initial cost of \$2,575,000 into the trust estate and negotiated amendments to its existing investment agreement to avoid the downgrade. This action requires approval of a supplemental bond resolution to establish a new trust account (the Supplemental Debt Service Reserve Fund) to hold the transferred US Treasury Securities and cash, and to allow NIFA to use the supplemental reserve to secure the bond issue and NIFA's interest in the investment contract. Moved by Graff, seconded by Brabec to adopt the 2009 Supplemental Resolution, 1983 Series A. Motion carried unanimously.

OUTREACH

16. Report from the Outreach Department

Ted Simpson gave the following Outreach Report.

First Fridays – Two luncheons occurred in July, one in Broken Bow and the following day in North Platte. Attendance at these events is increasing this year. Senator Tom Hansen attended the event in North Platte as well as the Mayor and other stakeholders in the community. Jacki Young was interviewed by the local news regarding the ABC loan program. The Mayor and other stakeholders of the community attended the Broken Bow event. At the event, an overview of NIFA programs is presented and our partner organizations DED and Rural Development are also invited to attend (which they have) and present information on their programs. The next First Friday luncheon is scheduled for September 11, 2009, in Kearney.

Ribbon Cutting Ceremony – Robin Ambroz-Hollman attended a ribbon cutting ceremony in Gretna for the Gretna CROWN project.

Nebraska Housing Study – Robert Gaudin was again contracted to complete the 2010 Nebraska Housing Study which looks at housing, demographics and economics. This will be the seventh year for this study. The report will be presented at the 2010 Housing Innovation Marketplace to be held January 26-27, 2010, in Omaha.

Nebraska Developers Summit – NIFA staff attended the event in August, 2009 in Lincoln.

Bring Kansas Home – Steve Peregrine attended the Kansas Finance Authority's annual conference on August 20, 2009. He participated on a workforce housing development panel discussing employer-assisted housing options and examples. While there he presented information on NIFA's involvement with the National Affordable Housing Equality Initiative.

NCSHA Award Application – NIFA submitted two applications. The ABC loan program was submitted for the "Homeownership – Empowering New Buyers" category and a summary of the strategy followed by NIFA in addressing issues presented to NIFA by the Lehman Brothers bankruptcy was submitted under the "Management Innovations – Operations" category. The winners will be announced at the annual NCSHA conference in San Antonio, Texas on October 3-6, 2009. Ted will represent NIFA as a peer judge on the "Homeownership – Encouraging New Production" category.

17. Briefing from staff on a preliminary Omaha Housing Authority inquiry about TIF replacement financing and maintenance financing

Tim Kenny introduced Stan Timm, the Executive Director of the Omaha Housing Authority ("OHA"), and explained that a number of years ago there was a settlement that obligated OHA to replace 500 housing units that OHA had torn down. OHA was able to replace the units and in that process acquired many properties that were built using the LIHTC program and dedicated the units in those projects to public housing occupants with vouchers. OHA currently has eight tax credit projects (two projects were new developments, one was a

renovation of a historic property, and the other five projects were acquired through the purchase of a general partnership interest). Four of the projects have tax increment financing ("TIF") loans with high interest rates (8.0 – 9.0%). The properties contain elevators that need maintenance and upgrades with limited funds available to make those repairs. Tim Kenny explained that the concept would be to refinance the TIF loans at lower interest rates, as well as provide some additional funds to make necessary repairs. The projects have reserves, the Equity Fund is the tax credit investor and three of the five projects have commercial spaces that generate revenue. Tim stated there are several options for NIFA to help them facilitate the refinancing structure; NIFA could buy a bond from OHA to provide OHA with funds to pay the outstanding TIF loans, or guarantee a loan to OHA at a lower interest rate. This is an item for consideration only, with no action required at this time. Something more specific will be presented to the board in the future.

18. Adoption of Resolution No. 319 Approving and Authorizing the Execution and Delivery of a Grant Agreement relating to the National Foreclosure Mitigation Program

Steve Peregrine stated that under the first round of the program (\$106,580 of grant funds), 365 cases were reported. The Nebraska results show 55% with a positive result after the foreclosure counseling – the national average is 25%. Steve did note that bankruptcy is defined as a "positive outcome" under the program since the borrowers are able to retain their homes. The second round grant provides an additional \$233,400 to counsel approximately 475 clients. NIFA retains \$9,300 of this amount for grant oversight. NIFA will continue to distribute grant funds for counseling to four sub-grantees: Credit Advisors Foundation, Family Housing Advisory Services, High Plains CDC and NeighborWorks Lincoln. NIFA continues to monitor the state's delinquency data, coordinating with other state agencies and providing support to the nonprofit counseling agencies. Moved by Graff, seconded by McClurg to adopt Resolution No. 319. Motion carried unanimously.

OTHER BUSINESS/ANNOUNCEMENTS

19. Announcements and Discussion of Upcoming Events and Scheduling

NCSHA Annual Conference – Tim Kenny reported that the NCSHA Annual Conference will be in San Antonio, Texas on October 3-6, 2009.

2010 Housing Innovation Marketplace – The annual NIFA conference will be held January 26-27, 2010 in Omaha, Nebraska.

20. Adjournment

Moved by Maroney, seconded by Graff to adjourn at 2:36 p.m. Motion carried unanimously.

Respectfully submitted,

Timothy R. Kenny
Executive Director

