

**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, SEPTEMBER 17, 2010 @ 1:00 P.M.**

**Notice Published:       September 12, 2010 – *Omaha World Herald*  
September 12, 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, Michael Maroney, Mary Jo McClurg, Jeff States and John Way

Board Members Absent: Bobbie Wickham

NIFA Staff Present:       Executive Director and Board Secretary Tim Kenny, Clerk Karon Andretti, Chief Operating Officer Steve Clements, Treasurer Judy Krasomil, LIHTC and CRANE Manager Robin Ambroz-Hollman, 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

Guests:                    Jeff Gertz, Phil Lorenzen 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 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, September 12, 2010 in the *Omaha World Herald* and in the *Lincoln Journal Star*.

**2.     Approval of the August 27, 2010 NIFA Board of Directors Meeting Minutes**

Moved by Graff, seconded by Way to approve the August 27, 2010 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 September 17, 2010 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.

## LOW INCOME HOUSING TAX CREDITS

5. **Report on the Collaborative Resource Allocation for Nebraska (CRANE) Meeting held Wednesday, September 15, 2010**  
Robin Ambroz-Hollman reported the following projects are in the CRANE process:
  - Rainbow Center Independent Living Project – Omaha
  - Park School/Roseland Theater – Omaha
  - One World Omaha – Omaha
  - The Doctor's on Park Avenue Development – Omaha
  - Veterans Village of Omaha – Omaha
6. **Report from the Programs Committee**  
Robin Ambroz-Hollman reported that the Programs Committee (consisting of John Blazek, John Way and Pete Graff) received a copy of the proposed changes to the 2011 Low Income Housing Tax Credit Qualified Allocation Plan and teleconferenced with staff to review proposed changes.
7. **Ratification of the Public Hearing held Tuesday, September 14, 2010, at 10:00 a.m. for the following: 2011 Low Income Housing Tax Credit Qualified Allocation Plan**  
Moved by Brabec, seconded by Graff to ratify the Public Hearing held Tuesday, September 14, 2010, at 10:00 a.m. for the following 2011 Low Income Housing Tax Credit Qualified Allocation Plan. Motion carried with Blazek voting yes, Brabec voting yes, Graff voting yes, Maroney voting yes, McClurg voting yes, States voting yes, Way voting yes, and Baier abstaining due to DED staff involvement with the review of the application form.
8. **Consideration and Approval of the 2011 Low Income Housing Tax Credit Qualified Allocation Plan**  
Robin Ambroz-Hollman gave an overview of the proposed changes to the 2011 Low Income Housing Tax Credit Qualified Allocation Plan. The following motion was made by Blazek and seconded by States. Motion carried with Brabec voting yes, Graff voting yes, Maroney voting yes, McClurg voting yes, States voting yes, Way voting yes, Baier abstaining due to DED staff involvement with the review of the application form, and Blazek voting yes.

Whereas the Nebraska Investment Finance Authority has completed the review of the 2011 Low Income Housing Tax Credit Qualified Allocation Plan, and;  
Whereas said review was conducted pursuant to Section 42 of the Internal Revenue Code,  
Be it resolved that, the NIFA Board of Directors hereby approves the 2011 Low Income Housing Tax Credit Qualified Allocation Plan, and authorizes its submittal to the Governor of Nebraska for final approval.

## MULTIFAMILY HOUSING FINANCE DIVISION

9. **Discussion with respect to the current refunding of Nebraska Investment Finance Authority Multifamily Housing Revenue Bonds (Waterbrook Apartments Project) Series 1997 and Multifamily Housing Revenue Bonds (Summit Club Apartments Project) Series 1997**  
Steve Clements reported that SAFG Retirement Services, Inc. ("Sun America") is requesting that NIFA consider approving the refunding of the Multifamily Housing Revenue Bonds (Waterbrook Apartments Project) Series 1997 and Multifamily Housing Revenue Bonds (Summit Club Apartments Project) Series 1997. These two bond issues financed the new construction of two multifamily complexes. Waterbrook Apartments is located at 27<sup>th</sup> and North Hill Road in Lincoln and Summit Club Apartments is located at 72<sup>nd</sup> and Applewood in Papillion. The Bonds are currently credit enhanced by Freddie Mac and held in the market by multiple bondholders. In cooperation with Freddie Mac and the owners of the multifamily projects which were originally financed by the Bonds, SunAmerica proposes to optionally redeem the bonds at par from proceeds of the refunding issue (the "Refunding Bonds"). The Refunding Bonds are expected to bear interest at the same weighted average rates and mature on the same dates as the Bonds, but the Refunding Bonds will not be credit enhanced by Freddie Mac. SunAmerica expects to initially purchase the Refunding Bonds and to sign the standard investor letter required by NIFA for purchasers of unrated bonds. SunAmerica plans to transfer the Refunding Bonds to Freddie Mac as the administrator of an existing trust. The Refunding Bonds will be substitute collateral for other trust assets being released. Refunding of the Bonds will economically benefit the multifamily projects and the owners by the lowering the cost of credit enhancement. Steve indicated that these two refundings will be brought before the board for consideration at a future meeting.

## SINGLE FAMILY HOUSING FINANCE DIVISION

### 10. Status Report on Single Family Program and Market Developments

Jacki Young reported that there hasn't been much loan volume this past month partially due to conventional market rates remaining very low. In surveying several NIFA lenders, they indicated most of their business is currently refinancing of existing mortgage loans. On September 16, Jacki and Cindy Trautman attended the Nebraska Mortgage Association Conference of which NIFA was a sponsor. There was discussion about FHA and the recent changes that have been made with the Frank-Dodd Act and the mandate for an independent GAAP audit. Tim Kenny indicated that NIFA currently offers only an FHA Program. Tim reported that he has discussed this issue with NCSHA as well as the Nebraska Bankers Association to try and seek a waiver or modification. This is a problem not only for Nebraska lenders but other states as well. Jacki indicated that as of January 1, 2011, lenders who don't have their own direct endorsed underwriters in house will no longer be able to do FHA loans. Judy Krasomil reported there is currently \$180 million in the pipeline of which \$160 million will be securitized by the end of September and owned by NIFA. Steve Clements indicated that NIFA is working with cFX, reviewing a potential refunding of some earlier NIFA's single family bonds prior to the end of the year. Judy Krasomil reported that Treasury has announced changes to the New Issue Bond Program ("NIBP"). Basically, there are three changes: 1) Extension of Escrow Draw Period; 2) Interest Rate Reset; and 3) Increase in Number of Draws from three to six. Jeff Gertz, JP Morgan, gave an update on the national bond market.

## OUTREACH

### 11. Report from the Outreach Department

Ted Simpson gave the following Outreach Report.

#### **Collaboration with Partner**

Ribbon Cuttings – Robin Ambroz-Hollman represented NIFA at the Village at Heartland Park II ground breaking ceremony in Seward on August 31. This project contains 16 units in 8 duplexes for individuals 55 years and older.

Nebraska Chapter of the National Association of Housing and Redevelopment Officials (NAHRO) – NIFA was a sponsor of NAHRO's annual meeting in South Sioux City that was attended by 135 public housing authority executive directors and staff from across the state and HUD staff.

#### **Strategic Planning in Communities**

First Fridays – The next First Friday will be held on October 8 in West Point and is being hosted by Cuming County Development Association.

Lincoln County Community Development Corporation (LCCDC) – LCCDC Board invited Ted Simpson to participate in their Strategic Planning Process. Hanna-Keelan presented their Housing Study of Lincoln County to the group. NIFA Board Member John Way also attended this event.

Custer County Housing Fair – Ted attended the inaugural Custer County Housing Fair in Broken Bow on September 15. Hanna-Keelan presented their completed Custer County Housing Study. There was a bus tour of various housing sites in Broken Bow and the Villages of Arnold and Callaway.

#### **Staff Education and Training**

Kansas City Branch of Federal Reserve Bank Conference entitled "Economic Development in Underserved Communities" – Ted attended this two day conference along with 120 other participants from across a seven state region

#### **Targeted Communication Efforts**

Omaha a.m. Breakfasts – The September meeting will be held on September 22 at the Hilton Hotel and the October meeting will be hosted by Kutak Rock on October 20.

### 12. Update on Energy Programs Task Force

Tim Kenny reported that NIFA hosted the Energy Alliance Meeting on September 8. NIFA shared with the group NIFA's home improvement loan program and received feedback from the group about the small energy grant program in non-metro areas. Board Member Mary Jo McClurg attended this meeting. Tim indicated that he will be giving a report to the Energy Task Force at their next meeting indicating that NIFA is not recommending any legislative changes be made to the NIFA statute at this time as it relates to energy conservation.

- 13. Review of Request for Financial Support of the Ewing Kauffman Foundation Urban Entrepreneur Partnership Program for North Omaha**  
Chair Baier introduced Ed Cochran, Executive Director of the North Omaha Development Project. Ed represented a prior overview of the Urban Entrepreneur Partnership Program which has been successful in several states. The program provides entrepreneurial education and intensive coaching on how to better access financing and procurement opportunities for new and existing minority and urban businesses. The success rate of this program has demonstrated that of the 1,000 companies that have been through the program, they have averaged a 24% increase in profitability. The program will have an advisory board which will include a NIFA Board Member or NIFA staff person. The Urban Entrepreneur Partnership Program is asking NIFA for \$500,000 to be paid one-third each year over a three year period. Moved by Way, seconded by Maroney to authorize the Executive Director to execute a contract between NIFA and the Omaha Chamber Foundation for \$500,000 to be paid one-third each year over a three year period and that a progress report be provided to NIFA on an annual basis. Motion carried with Graff voting yes, Maroney voting yes, McClurg voting yes, States voting yes, Way voting yes, Baier voting yes, Blazek abstaining due to possible conflict of being Acting Director of the Halo Institute at Creighton, and Brabec voting yes.
- 14. Review of Request from Omaha Small Business Network for Additional Loan Guarantee Funding**  
Tim Kenny introduced Vicki Wilson Tederman, Executive Director of the Omaha Small Business Network "OSBN"). Tim indicated that NIFA's statute allows NIFA to create loan guarantee pools. Dennis O'Neal former President of the First National Bank of Omaha and a former NIFA board member has worked with Vicki to approach the Small Business Administration ("SBA") to explore lending opportunities for small businesses in the minority community east of 72<sup>nd</sup> Street in Omaha. The goal was to provide credit to those typical start-up or new businesses that would not have access to capital or other traditional sources of financing to help existing small businesses grow. SBA committed \$750,000 in a direct loan to OSBN with funds being loaned to small businesses with a maximum loan of \$35,000 each. SBA, as a condition of their loan, required a 15% cash loan loss reserve which was funded by NIFA for \$125,000. Vicki reported that OSBN's initial loan pool was \$875,000 consisting of \$750,000 from SBA, \$75,000 from First National Bank of Omaha, \$25,000 from Security National Bank of Omaha and \$25,000 from American National Bank of Omaha. Twenty-eight loans have been made in Phase I. The OSBN Board of Directors consists of eleven members. OSBN is ready to embark on Phase II. SBA has again committed \$750,000. The following banks have made commitments for Phase II of \$50,000 from Mutual of Omaha, and \$50,000 from Pinnacle Bank of Omaha \$50,000 from SAC Federal Credit Union of Omaha. OSBN is again asking NIFA for \$125,000 to fund the 15% reserve requirement of SBA for Phase II. A proposal will be presented to the board at the October board meeting for their consideration. Board Chair Baier asked Vicki Wilson to visit with the Nebraska Enterprise Fund to see if their state funded loan guarantee fund was available.

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

- 15. Briefing on Battelle Report**  
Richard Baier reported that Nebraska engaged Battelle Technology Partnership Practice to prepare a comprehensive assessment of Nebraska's competitive position to set a baseline and guide future development actions. Richard gave an overview of their report. The report revealed that Nebraska's primary industry clusters are falling short in productivity. The Report also states that Nebraska falls short in the use of high skilled labor across its primary industry clusters. There is a noticeable drop off in industry demand for high skilled occupations and a shortfall in translating Nebraska's growing R&D base into new products and new companies. Recommended strategic options include focusing on three major initiatives as the cornerstone for Nebraska competitive advantage. The three initiatives identified were: 1) A Nebraska Industry Cluster Initiative that includes tailor, industry-driven initiatives for workforce development, retention, expansion and business attraction targeted to Nebraska's industry clusters. 2) A Nebraska Talent Advantage Initiative to connect college students/former Nebraskans with employers and to establish incentives for high skilled talent to stay in, or return to, Nebraska. 3) A Nebraska Innovation Initiative to assist and enable growth-oriented emerging and existing companies in Nebraska to succeed.

**16. Discussion of a Concept Plan to Create a Nebraska Modernization Fund**

Richard Baier reported that in order to carry out the initiatives identified in the Battelle Report Nebraska wishes to maximize funding from reallocation of existing programs that are not serving to advance the state's critical economic development needs and by tapping existing sources of revenues. NIFA was identified as a possible source to fund the industrial modernization fund. This fund would be used to assist companies to afford productivity enhancements to be competitive. Richard stated that a proposal would be presented to the board at a future meeting for their consideration.

**OTHER BUSINESS/ANNOUNCEMENTS**

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

NIFA Board Meetings – Karon Andretti reported the following upcoming meeting dates:

October Board Meeting – October 22, 2010 at NIFA

No Board Meeting in November

December Board Meeting – December 10, 2010 at NIFA

NCSHA Conference – Karon Andretti reported the NCSHA Conference is scheduled for October 2-5, 2010 in Boston. Board Members Michael Maroney and Mary Jo McClurg will be attending along with five NIFA staff members.

**18. Executive Session to Discuss Mediation Matters**

Moved by Blazek, seconded by States to go into closed session at 3:27 p.m. to discuss NIFA's claim against Lehman Brothers Financial Products Inc. (LBFP) and developments in connection therewith, which closed session is necessary to protect the interests of both NIFA and the public. Motion carried unanimously.

Prior to going to into closed session, Chair Baier stated the closed session discussion shall be limited to matters related to NIFA's claim against LBFP and developments and strategies with respect to such claim. Members shall restrict their consideration of matters during the closed session to those purposes stated in the Motion.

Moved by Brabec, seconded by McClurg to reconvene into open session at 3:56 p.m. Motion carried unanimously.

**19. Adjournment**

Moved by Brabec, seconded by McClurg to adjourn at 3:57 p.m. Motion carried unanimously.

Respectfully submitted,

  
Timothy R. Kenny  
Executive Director

