

**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, DECEMBER 12, 2008 @ 1:00 P.M.**

**Notice Published: December 7, 2008 – *Omaha World Herald*  
December 7, 2008 - *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, David Bomberger, Carl Brasee, Pete Graff, Ginger Langemeier, Michael Maroney, and Mary Jo McClurg

Board Members Absent: Richard Baier and Marlin Brabec

NIFA Staff Present: Executive Director and Board Secretary Tim Kenny, Clerk Susan Lauver, Deputy Director of Finance Christie Weston, Deputy Director of Programs Ted Simpson, Chief Operating Officer Steve Clements, Treasurer Judy Krasomil, Ag Manager Dudley Beyer, LIHTC and CRANE Manager Robin Ambroz-Hollman and Single Family Program Manager Jacki Young, Deputy Director of Community Investment Steve Peregrine

Guests: Phil Lorenzen, Rob Woodling, Jeff Gertz, Julie Stavnek, Ashley Soit, Mark O'Brien, and Patti Peterson

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

Vice Chair Pete Graff called the meeting to order at 1:03 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. Pete Graff reported that notice of the meeting was published on Sunday, December 7, 2008 in the *Omaha World Herald* and in the *Lincoln Journal Star*.

**2. Approval of the November 21, 2008 NIFA Board of Directors Meeting Minutes**

Moved by Graff, seconded by McClurg to approve the November 21, 2008 NIFA Board of Directors Meeting Minutes. Motion carried unanimously.

**3. Executive Director's Report**

Tim Kenny reported that he, Steve Clements and Judy Krasomil met with JP Morgan and Standard & Poor's representatives in New York. He also attended an NCSHA Executive Directors meeting in Washington D.C. The Board was briefed on discussions with NCSHA.

**4. Public Comment related to the December 12, 2008 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, December 11, 2008 at 9:30 a.m. for the following project:**  
Moved by Bomberger, seconded by Maroney to ratify the Public Hearing held Thursday, December 11, 2008, at 9:30 a.m. for the following project. Susan Lauver reported no one attended the public hearing. Motion carried unanimously.  
#1276 – Michael and Shauna Janssen
6. **Adoption of State Bond Allocation**  
Moved by Brasee, seconded by Bomberger to adopt the following State Bond Allocation. Motion carried unanimously.  
Allocation: 09-30-001 – Michael and Shauna Janssen  
Issuer: NIFA  
Allocation Amount: \$178,387  
Allocation Classification: Industrial Revenue
7. **Adoption of Agricultural Finance Division Bond Resolution**  
Moved by Brasee, seconded by McClurg to adopt the following Agricultural Finance Division Bond Resolution. Motion carried unanimously.  
Bond Resolution #1276 - Michael and Shauna Janssen in the amount of \$187,387 for the purchase of 160 acres, of farm real estate located in Cedar County, Nebraska.

**LOW INCOME HOUSING TAX CREDITS**

8. **Report from the Programs Committee**  
Tim Kenny thanked the Board members and community for their valuable input in modifying the QAP for the recent legislative changes, and discussed how having additional tax credits gives NIFA more flexibility to fund projects while still being prudent in underwriting. Tim reported the Programs Committee (consisting of Mary Jo McClurg, John Blazek, Ginger Langemeier and Pete Graff) met prior to the board meeting to review the Round Three applications in the 2008 Low Income Housing Tax Credit Program. Robin Ambroz-Hollman reported that NIFA received 16 applications; ten were from rural areas and six were from urban areas, requesting a total of approximately \$7.5 million in tax credits. Nine of the applications were located in counties designated as Midwestern Disaster Areas. NIFA, NDED, and Kutak Rock staff members reviewed the applications. The scoring methods used were in accordance with the Amended 2008 LIHTC Allocation Plan which was adopted November 21, 2008 by the NIFA Board of Directors and approved by Governor Dave Heineman on November 26, 2008. Robin thanked the Department of Economic Development for making additional funding available to LIHTC applicants.
9. **Consideration and Approval of Conditional Reservations for Round Three in the 2008 Low-Income Housing Tax Credit (LIHTC) Program**  
The following motion was made by Blazek, seconded by Brasee. Motion carried with Blazek voting yes, Bomberger voting yes, Brasee voting yes, Graff voting yes, Langemeier voting yes, Maroney abstaining because of being a developer and submitting projects from time to time for consideration of tax credits, and McClurg 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 2008 LIHTC Program – Round Three, and;

Whereas said review was conducted pursuant to the plan and procedures for the Amended 2008 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:

<u>Applicant</u>	<u>County</u>	<u>City</u>	<u>Amount</u>
Heritage Estates, LLC	Cheyenne	Sidney	\$ 360,079
Robin Estates, L.P.	Hamilton	Aurora	\$ 203,117
Crown VII Limited Partnership	Douglas	Omaha	\$ 499,442
Legend Oaks, LLC	Dawson	Lexington	\$ 324,331
Windridge Townhomes, LLC	Hall	Grand Island	\$ 314,920
Yorktowne Estates II, LLC	York	York	\$ 356,142
Woodland Park Townhomes II, LLC	Hall	Grand Island	\$ 466,006
Pedcor Investments-2008-CXVIII, L.P. (Cimarron Terrace Apartments)	Sarpy	LaVista	\$1,196,060
Pedcor Investments-2007-CI, L.P. (Irvington Heights II)	Douglas	Omaha	\$ 471,772
Wayne Crown, LLC	Wayne	Wayne	\$ 219,668
Orchard Terrace Crown, LLC	Otoe	Nebraska City	\$ 205,715
Omaha Housing for the Homeless, LLC (New Visions – Omaha)	Douglas	Omaha	<u>\$ 312,406</u>
<b>Total =</b>			<b>\$4,929,658</b>

**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.

**MULTIFAMILY HOUSING FINANCE DIVISION**

**10. Review and Approval of Resolution No. 310 Approving and Authorizing the execution and delivery of a supplemental trust indenture and related documents relating to the Authority's Multifamily Housing Revenue Bonds (Bridgeport Apartments Project) Series 1996**

Steve Clements reported that this project was built in 1996. The project is currently financed with variable rate bonds secured by a credit facility provided by AIG Retirement Services, Inc. ("AIGRS"). The credit facility also provides liquidity support for the Bonds. The bonds were tendered and AIGRS became the holder of all bonds. The borrower desires to convert the interest rate on the Bonds from variable to a fixed rate and to eliminate the requirement for a rating on the Bonds and the maintenance of a credit facility, but only so long as the bonds or any ownership therein (including trust certificates) are (a) rated at least Aa by Moody's or AA by Standard & Poor's, (b) guaranteed by an entity rated at least Aa by Moody's or AA by Standard & Poor's or (c) owned by one or more investors who each execute an investor letter that is acceptable to NIFA. The proposed supplemental trust indenture would convert the Bonds to a fixed rate and amend the credit enhancement requirements. Moved by McClurg, seconded by Bomberger to approve Resolution No. 310. Motion carried unanimously.

**SINGLE FAMILY HOUSING FINANCE DIVISION**

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

Jacki Young reported that Single Family staff is working on getting loans from the mortgage pipeline closed and funded. The balance in the pipeline is approximately \$6 million. For the calendar year 2008, NIFA closed approximately 2,200 loans for approximately \$220 million. The rural/urban split was 56% urban and 44% rural. Approximately 70% of the loans were government loans. The current market mortgage interest rate for a par FHA loan is 5.44%. Mary Jo McClurg reported on the changes she is seeing in lending activity. Judy Krasomil reported NIFA is spending the last of the bond proceeds from the single family bond deal closed in August. All of the single family deals are fully originated. Jeff Gertz, JP Morgan, gave a report on the national bond market.

Tim Kenny reported that all of NIFA's interest rate swap agreements with Lehman Brothers Financial Products have been terminated and replaced with agreements with new counterparties. Steve Clements indicated that NIFA is in discussions with a new swap provider to replace the interest rate swap agreement entered into with Depfa Bank, which was downgraded after the execution of the agreement. NIFA now has more diversification in its swap portfolio with three separate counterparties. Steve also reported on discussions with Standard & Poor's this week and the remarketing process for NIFA's variable rate demand bonds.

**11A. Consideration and Approval to establish a program for the purchase and cancellation of NIFA bonds issued in connection with NIFA's single family programs**

Steve Clements reported that NIFA's bonds issued pursuant to its single family programs are bought and sold in the secondary market at prices that fluctuate based on prevailing market conditions. NIFA may have the opportunity to buy back certain of its bonds at a discount in the current market. A motion was made by McClurg, seconded by Blazek, as set forth below. Motion carried with McClurg voting yes, Blazek voting yes, Bomberger voting yes, Brasee abstaining due to his association with Ameritas Investment Corp., which is a co-managing underwriter, Graff voting yes, Langemeier voting yes, and Maroney voting yes.

Motion to approve and authorize the Executive Director to establish a program, through December 31, 2009, for the purchase and cancellation of the Authority's revenue and general obligation bonds issued in connection with the Authority's single family housing program, including using, on a revolving basis, up to \$30 million of its general funds and/or funds and assets (including the liquidation thereof) pledged or available pursuant to the related trust indentures and executing various agreements, documents and certificates in connection therewith.

**12. Adoption of State Bond Allocations**

Moved by McClurg, seconded by Bomberger to adopt the following State Bond Allocations. Motion carried with Blazek voting yes, Bomberger voting yes, Graff voting yes, Langemeier voting yes, Maroney voting yes, McClurg voting yes, and Brasee abstaining due to his association with Ameritas Investment Corp. who is a co-manager underwriter.

(a) Allocation 09-20-001 – Single Family Housing Bonds  
Issuer: NIFA  
Allocation Amount: \$490,000,000  
Allocation Classification: Housing

(b) Allocation: 09-20-002 – General Obligation Bonds  
Issuer: NIFA  
Allocation Amount: \$10,000,000  
Allocation Classification: Housing

**13. Consideration and Approval of Bond Resolution No. 311 authorizing the issuance by the Authority of its Single Family Housing Revenue Bonds during the 2009 calendar year in one or more series in the aggregate principal amount not to exceed \$490,000,000**

Judy Krasomil reported that this bond resolution authorizes the issuance and sale of one or more issues and as one or more series of single family mortgage revenue bonds (up to \$490,000,000) during the 2009 calendar year to fund new mortgage loan production. The structure of each issue may vary but is anticipated to include fixed rate bonds and variable rate bonds, as well as one or more interest rate swap agreements, one or more interest rate cap agreements and a standby bond purchase agreement to provide liquidity in connection with the remarketing of the variable rate bonds. Each issue is expected to be sold on a tax-exempt basis, but may be sold on a taxable basis based on market conditions. The maturity date will be no later than December 31, 2053, with maximum interest rates not to exceed 9% for fixed rate bonds and 17% for variable rate bonds. Bonds shall not be sold at less than 98.5% of the principal amount. Fee to the Underwriters shall not exceed 1.5% of the principal amount. Moved by McClurg, seconded by Bomberger to approve Bond Resolution No. 311, contingent upon a Public Hearing to be held December 15, 2008 at 9:30 a.m., and as amended to add Barclays Capital Inc. as a co-manager. Motion carried with McClurg voting yes, Blazek voting yes, Bomberger voting yes, Brasee abstaining due to his association with Ameritas Investment Corp., which is a co-managing underwriter, Graff voting yes, Langemeier voting yes and Maroney voting yes.

**14. Consideration and Approval of Bond Resolution No. 312 authorizing the issuance by the Authority of its General Obligation Bonds during the 2009 calendar year in one or more series in an aggregate principal amount not to exceed \$10,000,000**

Judy Krasomil reported that this bond resolution authorizes the issuance of General Obligation Bonds with the proceeds to be used in connection with NIFA's homebuyer assistance program to provide assistance (up to 4.25% of the NIFA first mortgage) to qualified low and moderate income persons in the State with respect to their down payment and closing costs as borrowers under the Authority's single family housing mortgage program. The resolution authorizes the issuance of up to \$10,000,000 in aggregate principal amount of bonds in one or more issues and as one or more series during the 2009 calendar year backed by the general credit of NIFA to fund homebuyer assistance. The maturity date will be no later than December 31, 2029 with interest rates not to exceed 8.0%, bonds sold at a price of no less than 98.5%, premium not more than 5% and Underwriters fee not to exceed 1.5% of the principal amount. Moved by Bomberger, seconded by McClurg to approve Bond Resolution No. 312, contingent upon a Public Hearing to be held December 15, 2008 at 9:30 a.m. Motion carried with Blazek voting yes, Bomberger voting yes, Brasee abstaining due to his association with Ameritas Investment Corp., which is a co-managing underwriter, Graff voting yes, Langemeier voting yes, Maroney voting yes and McClurg voting yes.

**15. Consideration and Approval of Resolution No. 313 directing the carry forward, pursuant to Section 146(f) of the Internal Revenue Code of 1986, as amended, of remaining 2008 State Volume Cap and 2008 Housing Act Volume Cap for the issuance of qualified mortgage revenue bonds and mortgage credit certificates**

Judy Krasomil reported pursuant to Executive Order 98-3, the Governor has given authority to the NIFA Board to carry forward any remaining unused state volume cap for purposes of qualified mortgage bonds. Remaining 2008 State Volume Cap for 2008 is expected to approximate \$243,945,479. Remaining 2008 Housing Act Volume Cap for 2008 is expected to be \$96,550,479. NIFA staff will determine the final amount of volume cap remaining at December 31, 2008. Moved by McClurg, seconded by Bomberger to adopt Resolution No. 313. Motion carried with Brasee abstaining due to his association with Ameritas Investment Corp., which is a co-managing underwriter, Graff voting yes, Langemeier voting yes Maroney voting yes, McClurg voting yes, Blazek voting yes and Bomberger voting yes.

**OTHER BUSINESS/ANNOUNCEMENTS**

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

Tim Kenny reported on the following upcoming events:  
December 19, 2008 – Partner Appreciation Luncheon at the Cornhusker Marriott  
March 2-4, 2009 – NCSHA Legislative Conference  
January 26, 2009.– January NIFA Board Meeting at the Omaha Marriott  
January 27 & 28, 2009 – NIFA Housing Innovation Conference at the Omaha Marriott

**17. Adjournment**

Moved by Maroney and seconded by Brasee to adjourn at 2:17 p.m. Motion carried unanimously.

Respectfully submitted,

  
Timothy R. Kenny  
Executive Director

