

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

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

MINUTES OF FRIDAY, DECEMBER 18, 2009 @ 1:30 P.M.

**Notice Published: December 13, 2009 – *Omaha World Herald*
December 13, 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, Ginger Langemeier, Mike Maroney, Mary Jo McClurg and Jeff States

Board Members Absent: Richard Baier, Carl Brasee and Pete Graff

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-Hollman, Single Family Program Manager Jacki Young, Deputy Director of Finance Christie Weston and Deputy Director of Community Investment Steve Peregrine

Guests: Bruce Lefler, Scott Keene, Jeff Gertz, Bob Peterson and Patti Peterson

1. Call Meeting to Order and Roll Call

Acting Chair John Blazek called the meeting to order at 1:30 p.m. with six members present. John 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, December 13, 2009 in the *Omaha World Herald* and in the *Lincoln Journal Star*.

2. Approval of the November 13, 2009 NIFA Board of Directors Meeting Minutes

Moved by McClurg, seconded by Maroney to approve the November 13, 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 December 18, 2009 Agenda Items (comment period limit to five minutes)

John Blazek 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 17, 2009 at 9:30 a.m. for the following project:

Moved by McClurg, seconded by Brabec to ratify the Public Hearing held Thursday, December 17, 2009 at 9:30 a.m. for the following project. Karon Andretti reported that no one attended the Public Hearing. Motion carried unanimously.

#1287 – Justin and Laura Krafka

MINUTES
December 18, 2009

6. Adoption of State Bond Allocation

Moved by Brabec, seconded by Maroney to adopt the following State Bond Allocation. Motion carried unanimously.

Allocation: 09-30-015 – Justin and Laura Krafka
Issuer: NIFA
Allocation Amount: \$88,500
Allocation Classification: Industrial Revenue

7. Adoption of the following Agricultural Finance Division Bond Resolution

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

Bond Resolution #1287 - Justin and Laura Krafka in the amount of \$88,500 for the purchase of 45.2 acres, more or less, of farm real estate, including an irrigation well, pump, motor, and wiring, located in Butler County, Nebraska.

DEVELOPMENT FINANCE DIVISION

- 8. Ratification of the Public Hearing held Friday, December 18, 2009 at 9:30 a.m. for the following project:**
Moved by McClurg, seconded by Maroney to ratify the Public Hearing held Friday, December 18, 2009 at 9:30 a.m. for the following project. Karon Andretti reported no one attended the Public Hearing. Motion carried unanimously.

Butler County Dairy, LLC - \$6,500,000

- 9. Review and Approval of Bond Resolution No. DEV-233R authorizing the issuance by the Authority of its Variable Rate Demand Solid Waste Disposal Refunding Revenue Bonds, Series 2009 in the principal amount \$6,500,000 for the purpose of refunding certain outstanding revenue bonds of the Authority originally issued to provide financing for acquiring, constructing and equipping the solid waste disposal components of a dairy facility located near Rising City, Nebraska**

Steve Clements reported the bond resolution authorizes the sale of the Authority's Variable Rate Demand Solid Waste Disposal Refunding Revenue Bonds in the principal amount of \$6,500,000 (the "Bonds"). The proceeds of the Bonds will be loaned to Butler County Dairy, LLC, a Nebraska limited liability company (the "Borrower"), which intends to use the Bond proceeds to refund and redeem the Authority's Variable Rate Demand Solid Waste Disposal Revenue Bonds, Series 2007, outstanding in the principal amount of \$6,500,000 (the "Prior Bonds"). The benefit of this financial transaction is the extension of the maturity of the bonds and the reduction of borrowing costs. The proceeds of the Prior Bonds were used by the Borrower to finance the acquisition, construction and equipping of the solid waste disposal components of a dairy facility located near Rising City, Nebraska. The Bonds are being sold at public sale and rated AAA/A-1+ by Standard & Poor's based upon the credit structure, which includes a letter of credit issued by Farm Credit Services of America, FLCA and a confirming letter of credit issued by Rabobank International. So long as any Bonds are outstanding, a letter of credit and confirming letter of credit must be in effect. The Bonds are limited obligations of the Authority, payable solely from the revenues pledged thereto and from draws under the Letter of Credit and the Confirming Letter of Credit. No moneys of the Authority are pledged to the payment or security of the bonds or to the project. Moved by Maroney, seconded by Brabec to approve Bond Resolution No. DEV-233R. Motion carried unanimously.

LOW INCOME HOUSING TAX CREDITS

- 10. Report on the Collaborative Resource Allocation for Nebraska (CRANE) Meeting held Wednesday, November 18, 2009**

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

Prime-Fallesen Development – Columbus
Southern Valley – Omaha
Mosaic – Omaha, Norfolk and Grand Island
Park School – Omaha
One World Omaha – Omaha

11. Report from the Programs Committee

Robin Ambroz-Hollman reported that the Programs Committee (consisting of John Blazek, Marlin Brabec and Mary Jo McClurg) met prior to the board meeting to discuss the projects being considered for conditional awards for Tax Credit Assistance Program and Section 1602 Program returned funds. Robin stated on August 28, 2009, the NIFA Board approved the first round of conditional awards for Tax Credit Assistance Program and the Section 1602 Program. Two projects that received a conditional award have been unable to move forward. Therefore, the following funds have been returned to NIFA: \$616,261 in TCAP funds and \$823,430 in Section 1602 funds. Based on the selection criteria and results used in the previous review by NIFA, NDED, and Kutak Rock staff members, the next qualified project(s) are being recommended to the Board. The selection criteria and results used are in accordance with the TCAP selection criteria approved by the U.S. Department Housing and Urban Development (HUD) on June 12, 2009, and the Section 1602 Program guidelines.

12. Consideration and Approval of Conditional Award of Tax Credit Assistance Program (TCAP) and Section 1602 Returned Funds

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

WHEREAS, Tax Credit Assistance Program (TCAP) and Section 1602 Program funds have been returned to the Nebraska Investment Finance Authority (NIFA) by projects previously awarded funding by the NIFA Board of Directors on August 28, 2009, and

WHEREAS, NIFA had previously completed its review of the application submitted by Notre Dame Apartments, LLC 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 project from the returned TCAP and Section 1602 Program funds:

<u>Applicant</u>	<u>County</u>	<u>City</u>	<u>Amount</u>
Notre Dame Apartments, LLC	Douglas	Omaha	\$ 616,261 (TCAP)
			\$ 823,430 (1602)
			Total: \$1,439,691

Conditions:

1. 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.
2. 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.
3. 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

SINGLE FAMILY HOUSING FINANCE DIVISION

13. Ratification of the Public Hearing held Tuesday, November 24, 2009 at 9:30 a.m. for the following project:

Moved by Maroney, seconded by McClurg to ratify the Public Hearing held Tuesday, November 24, 2009 at 9:30 a.m. for the following project. Karon Andretti reported no one attended the public hearing. Motion carried unanimously.

Single Family Program - \$500,000,000

14. Status Report on Single Family Program and Market Developments

Jacki Young reported the Advance Buyer Credit (ABC) Program has been reintroduced with some program modifications. Under the ABC-2 Loan Program, NIFA will provide, in connection with a NIFA first mortgage loan, a second mortgage loan in an amount up to 8.5% of the purchase price of a single-family residence (not to exceed \$6,800 if a "First-Time Homebuyer" or \$5,525 if a "Long-Time Resident" purchasing in a targeted area) to help with down payment and closing costs relating to the purchase of the home. The loan will be structured as a second mortgage loan with the expectation that the borrower will repay the second mortgage loan with the borrower's tax credit refund. If the second mortgage loan is repaid within 180 days of loan closing and the borrower is not in default under the first or second mortgage loan, the borrower will receive a \$500 Incentive Check. A borrower purchasing a residence in a non-targeted area must meet NIFA's definition of a First-Time Homebuyer. Borrowers who are First-Time Homebuyers also may purchase residences in targeted areas. Borrowers who have resided in the same principal residence for any five-consecutive years during the eight-year period ending on the date of the purchase of a subsequent principal residence are qualified "Long-Time Residents" eligible for the tax credit and if they purchase a residence in targeted area, are eligible borrowers under NIFA's ABC-2 Loan program. The second mortgage loan will bear interest at a rate equal to the initial interest rate on the first mortgage loan plus 2% with a term of 120 months (10 years). The borrower may prepay the loan at any time, without penalty.

Jacki Young reported on December 16, 2009, NIFA lowered the interest rate for the First Home Plus Program from 5.25% to 5.15%. The loan production to date for 2009 consisted of the closing of 402 loans for \$37.4 million with 52% of the loans being in urban areas and 48% in rural areas. Jacki distributed a report as of September 30, 2009 on NIFA's Single Family Mortgage Revenue Bond Program 90+ Days and Foreclosures broken down into five categories: NIFA/HBA, NIFA/GNMA, NIFA/FNMA, Nebraska and the United States. All NIFA program delinquencies are below the Nebraska and United States delinquencies.

Judy Krasomil reported that once a week NIFA staff, Kutak Rock, and JP Morgan share information on the market, NIFA's pipeline, and current market rates. JP Morgan puts together several scenarios weekly of different bond structures and what the rates would look like on that given day. NIFA uses the information in pricing NIFA's mortgages and managing the portfolio. Tim Kenny stated that NIFA received a national award for financial management from the National Council of State Housing Agencies. Currently, NIFA has approximately \$41 million in the pipeline and approximately \$14 million has been securitized. Jeff Gertz, JP Morgan, gave an update on the national bond market.

15. Review and Consideration for Approval of Resolution No. 324 to Express the Intent of NIFA to Reimburse Itself Out of the Proceeds of Tax Exempt Bonds For Expenditures Made With Respect to the Financing of Mortgage Loans, Mortgage-Backed Securities and Homebuyers' Assistance and the Payment of Certain Program Expenses

Judy Krasomil reported that staff works with lender/participants in NIFA's single family housing program to ensure the continuous availability of funds for the financing of single family mortgage loans. To the extent mortgage loans, mortgage-backed securities that are backed or represented by mortgage loans, and homebuyers' assistance are financed with funds of NIFA prior to the issuance by NIFA of a particular series of bonds, the federal tax laws enable NIFA to reimburse itself out of the proceeds of such bonds for the expenditure of its funds in connection with such financings and to include such loans in the particular bond issue to the extent NIFA has expressed its intent to ultimately finance such loans, mortgage-backed securities and homebuyers' assistance with the proceeds of tax-exempt bonds. This resolution expresses NIFA's intent, to the extent mortgage loans, mortgage-backed securities and homebuyers' assistance are financed from moneys of NIFA that are not bond proceeds, to reimburse itself out of the proceeds of subsequently issued bonds. Moved by Brabec, seconded by States to approve Resolution No. 324. Motion carried unanimously.

16. Review and Approval of Resolution No. 325 directing the carry forward, pursuant to Section 146(f) of the Internal Revenue Code of 1986, as amended, of remaining 2009 State Volume Cap for the issuance of qualified mortgage revenue bonds and mortgage credit certificates

Judy Krasomil reported that 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 State Volume Cap for 2009 is expected to be approximately \$262,858,000. NIFA staff will determine the final amount of volume cap remaining at December 31, 2009. Moved by Maroney, seconded by McClurg to approve Resolution No. 325. Motion carried unanimously.

OUTREACH

17. Report from the Outreach Department

Steve Peregrine gave the following Outreach Report.

Senator Briefings – Ted Simpson and Steve have been engaged in briefing state senators representing rural districts to discuss housing and development issues and to leave with them details about NIFA's activity and investment in their District. To date, meetings have been completed with 21 of the 25 rural senators. In addition, Tim Kenny met with Senator Bill Avery of Lincoln. A sample booklet that each senator receives was shared with the board members. From these visits NIFA has learned; 1) communities need assistance to deal with dilapidated housing including numerous properties that are beyond repair and need to be torn down; 2) the aging of communities' housing needs to be more systematically addressed through resources for repair and rehab; 3) while the Ag lending product has a value, one senator noted that it would be very beneficial to have a program or loan product that could provide first time farmer ranchers with an interest rate 2-3% below market rates; and 4) slightly more than one-third of this group of Senators felt they had some working knowledge of NIFA prior to the meeting.

Bar None Housing, LLC transitioning to Prairie Gold Homes, Inc. 501(c)(3) – At the end of 2008, and throughout 2009, building activity for Bar None Housing was suspended due to lack of sales. While no direct operational funding has been provided by NIFA to Bar None Housing, an ongoing technical and additional legal assistance initiative through the Outreach staff and Kutak Rock is being supported by NIFA this year to transition Bar None into Prairie Gold Homes, Inc., a nonprofit corporation. The Articles and By Laws have been filed with the Secretary of State and the IRS 1023 not-for-profit application is in the final stages of being completed. The new board members are: Bryon Fischer, President; Greg Shinaut, Vice President; DiAnna Schimek, Secretary; Jan Knobel, Treasurer; Gary Hill; Andrew Hove; Robert Rentfro and Barbara Brunkow. The new board has determined their primary focus should be on inmate training to reduce recidivism. A new training program will include a nationally recognized construction certification program and a partnership with the Association of Builders and Contractors for use of their training space and assistance in delivering the courses. During the week of December 13, the board president and vice president, along with Bob Peterson and Steve met with the Department of Correctional Services School Board to brief them on the new curriculum and certification program. There was much enthusiasm for this renewed effort.

National Foreclosure Mitigation Counseling program – NIFA Grant Update – As previously announced to the Board, NIFA was awarded as an intermediary a counseling grant of \$233,390 under the Round 2 of NeighborWorks America's NFMC Program. On December 10, NIFA was approved for a 6-month extension until June 30, 2010. NIFA received the initial grant installment of \$94,750 in September and passed through all but \$3,255 (NIFA administrative funds) to our 4 sub-grantees: NeighborWorks Lincoln, Credit Advisors Foundation, High Plains CDC and Family Housing Advisory Services. This drawdown is tied to a goal of counseling 119 cases which when achieved released a second draw. As of the week of December 13, 96 cases/clients have been uploaded to the NFMC Program. The outcomes show: 24 cases did not report or had "Other" reported as an outcome – in other words were not sure yet; of the remaining 72, 30 are still in counseling or negotiations with the services, 33 or nearly 46% of the clients have a positive outcome, which for the purpose of tracking home foreclosures included declaring bankruptcy because that allows them to keep their house; and 8 withdrew from counseling and only 1 was foreclosed or had Deed in Lieu action.

Omaha a.m. – The Outreach staff began monthly networking opportunities in Omaha by hosting Omaha a.m. In November, the event was held at Family Housing Advisory Services and in December at the downtown Hilton. Approximately 10-15 participants attended the networking opportunity.

OTHER BUSINESS/ANNOUNCEMENTS

18. Report from the Audit Committee

Christie Weston reported that the Audit Committee (consisting of John Blazek, Michael Maroney and Jeff States) met with NIFA's auditor, Shelly Stromp, and NIFA staff prior to the board meeting to discuss NIFA's financial statements. The Audit Committee also met with Shelly privately. The following report was given on behalf of the Audit Committee.

The Audit Committee is pleased to report to the Board that we have reviewed with both the staff and the independent public accountants the audited financial statements for the year ending June 30, 2009.

There were no new financial report requirements that became effective for NIFA for fiscal year 2009, so there were no significant changes in presentation of the financial statements.

Financial results were well within the operational budget. Despite the instability of the economic environment during the past year, NIFA has maintained its strong financial base.

The auditors communicated one internal control observation regarding the valuation of certain investment securities by an independent party. The finance staff has implemented new procedures to mitigate the risk of improper valuation of investments on our financial statements.

It is the recommendation of this committee that NIFA's June 30, 2009 financial statements be approved by the Board.

19. Review and Consideration for Approval of NIFA's Audited Financial Statements for the Year Ended June 30, 2009.

Moved by Maroney, seconded by States to approve NIFA's audited financial statements for the year ended June 30, 2009. Motion carried unanimously.

20. Announcements and Discussion of Upcoming Events and Scheduling

NIFA Board Meeting – The next NIFA Board Meeting is scheduled for Friday, January 22, 2010, at 1:00 p.m. in the NIFA Board Room.

2010 Housing Innovation Marketplace – NIFA's housing conference is scheduled for January 26 and 27, 2010 at the Omaha Marriott Hotel. The keynote speakers are Orlando Cabrera, counsel for Nixon Peabody LLP in Washington D.C.; Robert Gaudin, President and Director of Research and Planning at Western Economic Services, LLC; and Vaughan Grisham, Direct of the McLean Institute for Community Development and Professor of Sociology at the University of Mississippi.

21. Adjournment

Moved by Maroney, seconded by McClurg to adjourn at 2:47 p.m. Motion carried unanimously.

Respectfully submitted,

Timothy R. Kenny
Executive Director

