

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

July 21, 2017

Pursuant to notification given July 19, 2017, the Members of the Illinois Housing Development Authority (the "Authority") met for a regularly scheduled meeting on July 21, 2017, at the offices of the Authority, 111 East Wacker Drive, Suite 1000, Chicago, Illinois.

Those present (unless otherwise noted below as absent):

BOARD:

King Harris	Chairman (telephonic participation)
Karen Davis	Vice Chairperson
Lorraine Hocker	Member
Mary Kane	Member
Luz Ramirez	Member
Alyssa Rapp	Member
Sam Tornatore	Member

STAFF:

Audra Hamernik	Executive Director
Debbie Olson	Chief of Staff
Maureen Ohle	General Counsel
Nandini Natarajan	CFO
Shannon Lindsey	Legal Administrative Assistant
Michelle Adams	Director, Administrative Services
Vanessa Boykin	Comptroller
Cami Freeman	Director, Marketing & Communications
Christine Moran	Managing Director, Multifamily Financing
Kevin O'Connor	Internal Auditor
Nicki Pecori Fioretti	Director, Community Affairs
Peter Sellke	Director, Hardest Hit Fund
Peggy Torrens	Director, Loan and Portfolio Management
Tim Veenstra	Director, Asset Management
Mary Ellen Woods	Chief Information Officer
Tracy Wortham	Director, Human Resources
John Chung	Assistant Director, Structuring Finance
Andrew Nestlehut	Senior Manager - Investments, Treasury Ops
Jamie Campbell	Multifamily Financing
Jenna Hebert	Multifamily Financing
Emmanuel Kinnard	Multifamily Financing
Claudia Montoya	Multifamily Financing
Steve Gladden	Assistant Director, Asset Management
Michael Ansani	Asset Management
Lauren Pilot	Asset Management
Monica Enriquez	Community Affairs

GUESTS:

Jennifer Fredericks	BNYM
Barbara Feldman	BAML
Jeff Gertz	JP Morgan
Susan Jun	Morgan Stanley
Nicole Jackson	A& TT
Natalie Moretz	Citi
John Janicik	Meyer Brown
Steven Washington	Ice Miller
Paul Haley	Barclay
Larry Pusateri	LGG
Breen /Hagan	PIRHL
David Petroni	PIRHL
Christine Kahl	SSDC
Keaisa Kahl	SSDC
Adam Templer	Bear Dev.

I. Call to Order & Roll Call

With a physical quorum consisting of Vice Chairperson Davis, Ms. Hocker, Ms. Kane, Ms. Ramirez, Ms. Rapp and Mr. Tornatore, Vice-Chairperson Davis called the meeting to order at 11:00 a.m. Chairman Harris joined the meeting via conference call via 312-664-****. A roll call was taken. Chairman Harris designated Vice-Chairperson Davis to run the meeting.

Vice-Chairperson Davis announced the rapid results projects for the month of July. Karri Kartes was acknowledged for her project idea.

II. Consent Agenda: Vice-Chairperson Davis noted that there were six (6) Resolutions on the consent agenda. She asked the Members if anyone had comments or wanted to remove any resolution from the consent agenda. The Members had no comments.

A motion to adopt the Consent Agenda Resolutions was made by Mr. Tornatore and seconded by Ms. Rapp; a roll call was taken and the six (6) Resolutions noted below were adopted by the affirmative votes of Chairman Harris, Vice Chairperson Davis, Ms. Hocker, Ms. Kane, Ms. Ramirez, Ms. Rapp and Mr. Tornatore.

A. Minutes

2017-IHDA-304: Resolution Approving the Minutes of the Regular Meeting of the Members of the Illinois Housing Development Authority held on June 16, 2017.

B. Procurement Contracts

1. 2017-IHDA-305: Resolution Authorizing Execution of an Agreement for Offsite Document Storage and Services.

C. General Administrative Matters

1. 2017-IHDA-306: Resolution Electing Members to Committees.

2. 2017-IHDA-307: Resolution Ratifying permitted Financial Activities.

3. 2017-IHDA-308: Resolution Amending Financial Management Policy.

4. 2017-IHDA-309: Resolution Amending the Multifamily Loan Rating and Loan Loss Reserve Policy.

III. Vice-Chairperson Davis indicated that the Additional Resolutions noted on the Agenda would now be discussed.

A. Multifamily Transactions

1. Executive Director Hamernik introduced the following agenda item: 2017-IHDA-310 Resolution Authorizing a Credit Advantage Construction Loan; a Credit Advantage Construction/permanent Loan, an Increase in Federal Tax Credits and Rental Assistance for Fulton Commons.

Ms. Campbell stated that the Fulton Commons, LLC (“Owner”) has requested the Authority make the following loans under its Credit Advantage Program for the, acquisition, construction and permanent financing of a multifamily housing development located in Fulton, Illinois and known as Fulton Commons (the “Development”):

- a. first position construction loan in the amount of \$5,400,000.00 (“Credit Advantage Construction Loan”); and
- b. second position construction and permanent loan in the amount of \$600,000.00 (“Credit Advantage CP Loan”); upon completion of the construction of the Development, the Credit Advantage CP Loan will become the permanent first position loan; and

Ms. Campbell then stated that the IHDA Act designates the Authority as the low income housing tax credit agency for the State of Illinois (“Federal Tax Credit Agency”) to allocate federal low income housing tax credits (“Federal Tax Credits”).

She further stated that pursuant to Resolution No. 2016-IHDA-033I (as amended by Resolution No. 2016-IHDA-150, together, the “Prior Resolution”), the Authority was authorized to allocate 2016 Federal Tax Credits in the amount of 852,618 in connection with the Development and that the Owner has determined that the Development is able to support additional Federal Tax Credits and has requested 2017 Federal Tax Credits in the amount of 84,482 (“2017 Tax Credits”).

She further added that the Authority is the program administrator of the Long-Term Operating Support Program (“LTOS Program”) established under the Illinois Rental Housing Support Program and that the Owner has requested that the Authority provide rental assistance from the LTOS Program in an amount not to exceed \$580,229.00 (the “Rental Assistance”) as part of the permanent financing of the Development.

Ms. Kane inquired as to why the Authority was putting so many resources into this deal. Ms. Natarajan and Ms. Moran responded to her inquiry by explaining various elements of the transaction.

A motion to approve the Resolution was made by Mr. Tornatore and seconded by Chairman Harris; roll call was taken and the motion was adopted by the affirmative votes of Chairman Harris, Vice Chairperson Davis, Ms. Hocker, Ms. Kane, Ms. Ramirez, Ms. Rapp and Mr. Tornatore.

2. Executive Director Hamernik introduced the following agenda item: 2017-IHDA-311 Resolution Authorizing a Trust Fund Loan and Rental Assistance for South Side Office of Concern.

Ms. Roddy stated that the Authority administers the Illinois Affordable Housing Trust Fund Program (“Trust Fund Program”) in Illinois.

She then stated that the South Side Office of Concern has requested that the Authority provide a first position mortgage loan under the Trust Fund Program in an amount not to exceed \$2,800,000.00 and rental assistance from the LTOS Program in an amount not to exceed \$1,646,887.00 for the rehabilitation and permanent financing of a permanent supportive housing development known as SSOC PSH, as described on Exhibit A attached to the Resolution.

A motion to approve the Resolution was made by Ms. Kane and seconded by Mr. Tornatore; roll call was taken and the motion was adopted by the affirmative votes of Chairman Harris, Vice Chairperson Davis, Ms. Hocker, Ms. Kane, Ms. Ramirez, Ms. Rapp and Mr. Tornatore.

3. Executive Director Hamernik introduced the following agenda item: 2017-IHDA-312 Resolution Authorizing Rental Assistance for Phoenix Project.

Ms. Roddy stated that Phoenix Supportive Housing LLC has requested that the Authority provide rental assistance from the LTOS Program in an amount not to exceed \$977,839.00 in connection with the permanent financing of a permanent supportive housing development, as described on Exhibit A attached to the Resolution and known as Phoenix Project.

A motion to approve the Resolution was made by Chairman Harris and seconded by Ms. Kane; roll call was taken and the motion was adopted by the affirmative votes of Chairman Harris, Vice Chairperson Davis, Ms. Hocker, Ms. Kane, Ms. Ramirez, Ms. Rapp and Mr. Tornatore.

B. Multifamily/Finance Transactions

1. Concord at Sheridan

- a. Ms. Hamernik presented the following agenda item: 2017-IHDA-313 Resolution Authorizing a Conduit Loan, Trust Fund Loan or HOME Loan, Risk Sharing Permanent Loan and State Tax Credits for Concord at Sheridan.

Mr. Kroshus stated that the Authority is authorized as the administrator of the Affordable Housing Tax Credits (“State Tax Credits”) and that the aggregate amount of State Tax Credits available for allocation is tied to the State of Illinois’ fiscal year which runs from July 1, 2016 to June 30, 2017 (“FY17”).

He then stated that the Authority administers a program known as the Multifamily Housing Revenue Note Program whereby the Authority acquires funds to make loans (individually, a “Conduit Loan”) for affordable housing developments through the issuance of tax exempt multifamily housing notes; immediately upon the closing of

a Conduit Loan, such Conduit Loan is assigned to a third party, to be determined on or before the closing date of such Conduit Loan; and

He added that the Authority administers Risk Sharing Programs wherein the Authority makes mortgage loans to borrowers (individually, a “Risk Sharing Loan”), which are credit enhanced through insurance provided by HUD.

He further added that the Authority also administers the HOME Program.

Mr. Kroshus then stated that Concord Sheridan LP the Owner has requested the Authority make the following loans for the acquisition, construction and/or permanent financing of a multifamily housing development described on Exhibit A attached to the Resolution and known as Concord at Sheridan (“Development”);

- a. A first position Conduit Loan in an aggregate amount not to exceed \$25,000,000.00 evidenced by a series A note; series B note and series C note; and
- b. a third position loan under either the Trust Fund Program or the HOME Program in an amount not to exceed \$2,300,000.00 (“Trust Fund Loan or “HOME Loan”); and
- c. a first position permanent Risk Sharing Loan in an amount not to exceed \$7,000,000.00 (“Risk Sharing Permanent Loan”); and
- d. FY17 State Tax Credits in the amount of 2,875,000.

A motion to approve the Resolution was made by Mr. Tornatore and seconded by Ms. Kane; roll call was taken and the motion was adopted by the affirmative votes of Chairman Harris, Vice Chairperson Davis, Ms. Hocker, Ms. Kane, Ms. Ramirez and Mr. Tornatore.

Ms. Rapp abstained from voting.

- b. Ms. Hamernik presented the following agenda item: 2017-IHDA-314 Resolution Authorizing the Issuance of Multifamily Housing Revenue Notes, 2017 Series A and B, and 2017 Series C (Concord at Sheridan) Not to Exceed the Aggregate Principal Amount of \$25,000,000.

Mr. Chung stated that this Resolution authorizes the issuance by the Authority of its (i) Multifamily Housing Revenue Note, 2017 Series A (Concord at Sheridan) in the original maximum principal amount of \$7,000,000 (the “Series A Note”), (ii) Multifamily Housing Revenue Note, 2017 Series B (Concord at Sheridan) in the original maximum principal amount of \$5,000,000 (the “Series B Note”) and (iii) Multifamily Housing Revenue Note, 2017 Series C (Concord at Sheridan) in the original maximum principal amount of \$13,000,000 (the “Series C Note” and, together with the Series A Note and the Series B Note, the “Notes”), to finance the

acquisition, construction and equipping of a 111-unit multifamily rental housing development known as Concord at Sheridan. He then stated that this Resolution also authorizes the Authority to enter into a Funding Loan Agreement, a Borrower Loan Agreement and a Tax Regulatory Agreement in substantially the forms attached to this Resolution, setting forth the terms of the Notes, subject to completion in accordance with the Determination discussed below. The Notes will be a special limited obligation (and not general obligations) of the Authority and the provisions of Section 26.1 of the Illinois Housing Development Act do not apply to the Notes.

This is a delegation Resolution. Issuance of the Notes will require the use of volume cap in an aggregate amount not to exceed \$25,000,000.

A motion to approve the Resolution was made by Ms. Kane and seconded by Mr. Tornatore; roll call was taken and the motion was adopted by the affirmative votes of Chairman Harris, Vice Chairperson Davis, Ms. Hocker, Ms. Kane, Ms. Ramirez and Mr. Tornatore.

Ms. Rapp abstained from voting.

C. Asset Management/ Multifamily Transactions

1. Executive Director Hamernik introduced the following agenda item: 2017-IHDA-315 Resolution Authorizing Transfer of Physical Assets and Assignment and Assumption of Regulatory Agreement and Trust Fund Loan for WECAN Project III.

Mr. Ansani stated that on December 16, 1999, the Authority made a junior mortgage loan from the Illinois Affordable Housing Trust Fund in the original principal amount of \$300,000.00 ("Loan") to Woodlawn East Community & Neighbors, Inc. ("Owner") for the acquisition, rehabilitation and permanent financing of the housing development commonly known as WECAN Project III ("Development"). He then stated that the Authority Loan is evidenced by a Mortgage Note ("Note"), secured by a Third Mortgage and Assignment of Rents and Leases ("Mortgage") and governed by a Regulatory and Land Use Restriction Agreement (collectively with the Note and Mortgage, the "Loan Documents"). He further stated the Owner desires to transfer 100% of its ownership interest in the Development to POAH JBL, LLC ("New Owner"), and New Owner desires to assume the obligations of the Owner under the Loan and the Loan Documents ("Transfer and Assumption"), as more fully described in the summary of the Development ("Summary") attached to the Resolution.

Mr. Ansani also stated that the New Owner has requested that the Authority provide a second position mortgage loan under the Trust Fund Program in an amount not to exceed \$490,000.00 (the "Trust Fund Loan") along with for FY17 State Tax Credit in the amount of \$650,000 for the rehabilitation of the Development.

A motion to approve the Resolution was made by Mr. Tornatore and seconded by Ms. Rapp; roll call was taken and the motion was adopted by the affirmative votes of

Chairman Harris, Vice Chairperson Davis, Ms. Hocker, Ms. Kane, Ms. Ramirez, Ms. Rapp and Mr. Tornatore.

2. Executive Director Hamernik introduced the following agenda item: 2017-IHDA-316 Resolution Authorizing Release of the Extended Use Agreement for the 20th Avenue Apartments aka Village Woods.

Mr. Ansani stated that in 1995, the Authority allocated Federal Tax Credits (“Federal Tax Credits”) to the 20th Avenue Apartments LP (“the Owner”) for the construction of a 96-unit housing known as 20th Avenue Apartments aka Village Woods (“Development”). In connection with the allocation of Federal Tax Credits the Owner entered into an Extended Use Agreement with the Authority and agreed that the Development would be governed by the Extended Use Agreement for a period of 30 years.

He then stated that in 2016 the Owner submitted a written request to the Authority to find a purchaser for the Development through a process known as the “Qualified Contract Process”, which states the “extended use period” for a project shall terminate if the housing credit agency is unable to present a qualified contract for the acquisition of the low-income project by any person who will continue to operate such project as a qualified low-income project. He then stated that the Authority was not able to find purchaser for the Development through the Qualified Contract Process and the Owner has requested that the Authority release the Extended Use Agreement governing the Development.

A motion to approve the Resolution was made by Chairman Harris and seconded by Ms. Kane; roll call was taken and the motion was adopted by the affirmative votes of Chairman Harris, Vice Chairperson Davis, Ms. Hocker, Ms. Kane, Ms. Ramirez, Ms. Rapp and Mr. Tornatore.

3. Executive Director Hamernik introduced the following agenda item: 2017-IHDA-317 Resolution Authorizing Release of the Extended Use Agreement for the Southern Illinois Manor PID (614-93).

Mr. Ansani stated that in 1993, the Authority allocated Federal Tax Credits (“Federal Tax Credits”) to the Southern Illinois Living Centers, Inc. (“the Owner”) for the construction of a 4-unit housing known as Southern Illinois Manor (“Development”). In connection with the allocation of Federal Tax Credits the Owner entered into an Extended Use Agreement with the Authority and agreed that the Development would be governed by the Extended Use Agreement for a period of 30 years.

He then stated that in 2016 the Owner submitted a written request to the Authority to find a purchaser for the Development through a process known as the “Qualified Contract Process”, which states the “extended use period” for a project shall terminate if the housing credit agency is unable to present a qualified contract for the acquisition of the low-income project by any person who will continue to operate such project as a qualified low-income project. He then stated that the Authority was not able to find

purchaser for the Development through the Qualified Contract Process and the Owner has requested that the Authority release the Extended Use Agreement governing the Development.

A motion to approve the Resolution was made by Ms. Kane and seconded by Mr. Tornatore; roll call was taken and the motion was adopted by the affirmative votes of Chairman Harris, Vice Chairperson Davis, Ms. Hocker, Ms. Kane, Ms. Ramirez, Ms. Rapp and Mr. Tornatore.

Mr. Ansani went on to summarize Agenda items 2017-IHDA 318, 319 and 320. He explained they were similar in nature to 2017-IHDA-317.

A motion to approve Resolution Nos. 2017-IHDA-318, 2017-IHDA-319 and 2017-IHDA-320 was made by Chairman Harris and seconded by s. Kane; roll call was taken and the motion to approve all 3 resolutions was adopted by the affirmative votes of Chairman Harris, Vice Chairperson Davis, Ms. Hocker, Ms. Kane, Ms. Ramirez, Ms. Rapp and Mr. Tornatore.

Chairman Harris inquired about the impact of the release on the tenants. He expressed concerns that they might be forced out. Mr. Ansani explained the 3-year rule and various protections for the tenants. Chairman Harris suggested that IHDA consider checking in on developments/tenants at the 3-year mark.

D. Other Matters

1. Executive Director Hamernik introduced the following agenda item: 2017-IHDA-321 Resolution Authorizing Matters in Connection with the Housing Counseling and Community Revitalization Awards under the National Foreclosure Settlement.

Mr. Quick stated that Attorney General Lisa Madigan (the “AG”), in conjunction with other state attorney general, the U.S. Department of Justice and the U.S. Department of Housing and Urban Development, secured a settlement with the nation’s largest banks that has provided \$25 billion in assistance to homeowners harmed by fraudulent foreclosure and mortgage servicing practices. The AG dedicated approximately \$70 million in funding from the national foreclosure settlement for housing counseling services and relief efforts for Illinois communities fraught with vacant and abandoned properties that have been hardest hit by foreclosure. On December 21, 2012, the AG released the National Foreclosure Settlement Awards Counseling and Community Revitalization Request for Qualifications and Proposals (the “RFQ/P”); the Authority submitted a response to the RFP/Q and on July 17, 2013, the Authority was awarded \$2,500,000 (the “Funds”) under the RFQ/P as described in more detail in Exhibit A to the Resolution.

He then stated that he Authority and the AG’s Consultants have determined that it would be mutually beneficial to enter into a distribution agreement with the State, as represented by the AG, in order to memorialize the Authority’s receipt and use of the

Funds as set forth in more detail in Exhibit B to the Resolution (the “Distribution Agreement”).

Mr. Quick went on to explain that in accordance with the terms set forth in the summary attached to the Resolution as Exhibit C, upon receipt of the Funds, the Authority contemplates issuing one or more requests for applications in order to distribute:

- a. up to \$1,650,000 of the Funds for a land bank capacity program;
- b. up to \$150,000 of the Funds to help build capacity and sustainability “downstate” through responsible partnerships; and
- c. up to \$700,000 of the Funds in connection with efforts that will be undertaken by the Authority to foster increased access to the federal low-income housing tax credit program for “downstate” communities and to otherwise off-set expenses associated with the administration of the Funds.

Vice Chairperson Davis asked for clarification about what is meant by “downstate”. Mr. Quick responded.

A motion to approve the Resolution was made by Ms. Kane and seconded by Mr. Tornatore; roll call was taken and the motion was adopted by the affirmative votes of Vice Chairperson Davis, Ms. Hocker, Ms. Kane, Ms. Ramirez, Ms. Rapp and Mr. Tornatore.

Chairman Harris abstained from voting.

- IV. Vice Chairperson Davis indicated that the Committee minutes would now be considered.
- A. Finance Committee Report, Ms. Kane presented the Finance Committee Report from the July 21, 2017 meeting. Ms. Kane recommended the Members’ approval of the minutes from the June 16, 2017 Finance Committee meeting.

A motion to approve the Minutes was made by Ms. Kane and seconded by Mr. Tornatore; roll call was taken and the motion was adopted by the affirmative votes of Chairman Harris, Vice Chairperson Davis, Ms. Hocker, Ms. Kane, Ms. Ramirez, Ms. Rapp and Mr. Tornatore.

- V. Written Reports:

Chairman Harris referred the Members to the electronic Board book material for the following reports: Hardest Hit Fund, Authority Financial Statements, Contract List, and IHDA Investment Portfolio.

- VI. Public Comments – other than any responses to Member questions during the course of the meeting, no public comments were made.

Vice Chairperson Davis called a brief recess at 11:36 a.m.
The Board reconvened at 11:40 a.m.

VII. Presentation Regarding Authority Strategic Plan.

Executive Director Hamernik presented an update regarding the Authority's strategic plan.

Executive Director Hamernik talked through the top four priorities including increasing homeownership opportunities, increasing rental housing opportunities, increasing IHDA's organizational capacity and increasing education, partnerships and technical assistance.

Executive Director Hamernik briefed the Board about the visit to the Virginia Housing Finance Agency.

Various Board Members provided feedback. Ms. Rapp stressed the importance of marketing, communication and tech integration. Ms. Kane and Chairman Harris encouraged the sharing of housing industry updates.

The Board informally approved the plan and Executive Director Hamernik clarified that a resolution would be included on the August consent agenda.

Executive Director Hamernik thanked the Board Members for their support.

VIII. Adjournment: The meeting was adjourned at 12:30 p.m.