

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
FINANCE COMMITTEE MINUTES
April 21, 2017

The meeting of the Finance Committee of the Illinois Housing Development Authority took place on April 21, 2017 at 111 E. Wacker Drive, Chicago, Illinois at 10:00 a.m. Attending the meeting was Ms. Mary Kane and Mr. Sam Tornatore for the members. Also attending the meeting were Ms. Helen Easterling of Citibank; Mr. Ansel Caine of Caine Mitter; Mr. Michael Baumrin of RBC Capital; Ms. Susan Jun of Morgan Stanley; Ms. Jennifer Fredericks of BNY Mellon; Mr. John Germain of Jefferies; Mr. Michael Valo and Mr. Steve Abbey of Huntington Bank; Ms. Sarah Jane Wick of Related; Ms. Barbara Feldman of Bank of America; Ms. Rachel Smith of Mayer Brown; Mr. David Petroni of PIRHL; Mr. Kevin Waco of Churchill Stateside Group and Mr. Andre Blakley of Gorman & Company, Inc.. For the Authority staff, Ms. Nandini Natarajan; Ms. Audra Hamernik; Ms. Debbie Olson; Mr. John Chung; Ms. Vanessa Boykin; Mr. Andrew Nestlehut; Mr. Kyle Nestlehut; Ms. Christine Moran; Mr. Andy Decoux; Ms. Claudia Montoya; Mr. Tim Veenstra; Mr. Stavone Martin and Ms. Lily Benitez were present.

Ms. Kane approved the March 17, 2017 Finance Committee meeting minutes as presented.

New Business

Resolution of Intent Concerning the Issuance of Revenue Obligations under Single Family and Multi-Family Bond Programs (Home Rule Pool) and Resolution of Intent Concerning the Issuance of Revenue Obligations under Single Family and Multi-Family Bond Programs (Non-Home Rule Pool).

Mr. Chung Stated: Provided background for the first two resolutions. Volume cap refers to the maximum amount of tax exempt bonds that can be issued in any state and is dependent on how many people live in that state.

For Illinois, the Home Rule communities, volume cap is calculated at \$100 per person with communities with more than 25,000 people living in that community. The Non-Home Rule communities are also \$100 per person with communities with less than 25,000 people in the community.

The entire state allocation for 2017 for Home Rule was \$811 million and for Non-Home Rule \$234.5 million.

For the two resolutions before you, IHDA is requesting a Not to Exceed amount of \$400 million for Home Rule Pool and a Not to Exceed amount of \$225 million for Non-Home Rule Pool.

The purpose of the resolution is that according to Guidelines and Procedures for the Allocation of Private Activity Bonding Authority in accordance with the Tax Reform Act of 1986 and 30 ILCS 345, state agencies, such as IHDA, can request the State to allocate volume cap unused by Home Rule or Non-Home Rule communities. This resolution expresses intent to request such volume cap.

Resolution Authorizing the Issuance of Not to Exceed \$12,000,000 Aggregate Principal Amount of Multi-Family Mortgage Revenue Note, 2017 Series A (Orton Keyes).

Mr. Chung Stated: This resolution is on a bond transaction for Multi-Family Mortgage Revenue Note, 2017 Series A for Orton Keyes.

IHDA will be issuing 2017 Series A Note to finance the acquisition and rehabilitation of Orton Keyes, containing 175 units located at 633 Ranger in Rockford. The Series A note will be privately issued and purchased directly by Citibank. The Note will be tax exempt, pay a fixed rate of interest and provide the permanent financing for the project from day one. It is a conduit financing, limited obligation with no credit risk to the Authority.

The authorization request is for the issuance of the Note Not to Exceed \$16 million with final maturity no later than December 1, 2050 and interest rate not to exceed 7% per annum. Target closing is June 30, 2017 and the Bond resolution expires January 21, 2018.

Resolution Authorizing a Trust Fund Loan and a FFB Risk Sharing Permanent Loan for The Marshall Hotel (PID-11257) Chicago, Illinois.

Ms. Natarajan provided a presentation for a resolution request for The Marshall Hotel – Federal Financing Bank Forward Commitment with Interest Rate Risk Hedge.

The resolution request is for the approval of first position IHDA loan, insured by FHA Risk-Share program at 90% of loan to value, not to exceed \$7.7 million. The loan is intended to be financed through the FFB program. The approval to enter into an interest rate swap agreement with Barclays Bank PLC and approval of @ million third position Trust Fund loan.

Resolution Ratifying Permitted Financial Activities.

Mr. Nestlehut provided a summary for the Third Quarter Fiscal Year 2017 Permitted Financial Activities.

The first slide is the IHDA Portfolio Allocation showing a breakdown of our portfolio at 22.83% in Money Market Funds or a market value of \$319.2 million; 30.97% in Mortgage Backed Securities or a market value of \$431.7 million; 41.80% in US Agencies or a market value of \$584.5 million; 4.3% in US Treasuries or a market value of \$64.9 million and 0.01% in Investment Agreements or a market value of \$100 Thousand bringing the total market value to just over \$1.4 billion.

A third quarter summary shows total Purchases at \$883.38 million, total Sales at \$231.04 million and total Maturities at \$409.29 million.

Two additional slides show total Payouts and Draws at \$7.6 million and total Bond Debt Service at \$93 million.

The last slide shows our Interest Rate Management Agreement broken down by Interest Rate Caps and Swaps.

Discussion: Homeownership Mortgage Program Update.

Ms. Pavlik stated: Reservations for March 2017 at 597 first mortgage loans or \$75.40 million; 234 mortgage loans or \$33 million for GNMA and 363 mortgage loans or \$42.40 million for Fannie Mae or conventional.

Ms. Pavlik presented a slide showing prior year reservation comparisons for the month of March 2017. Reservations in March 2016 were \$43.9 million for GNMA and \$43.6 million for Fannie for a total of \$87.6 million.

Ms. Pavlik continued: Through March 2017 and over the life of the program, 99.26% of all borrowers have been utilizing our Down Payment Assistant Program; we have a 21.48% fallout rate and our current pipeline is \$92.86 million.

Overall 50% of our borrowers are using an FHA product, 1% for VA, 1% for USDA which is also in that GNMA bucket; 48% are Conventional.

ONGOING ACTIVITIES

Discussion: Monthly Interim Financial Statements.

Ms. Boykin discussed the Authority's Monthly Interim Financial Statements by highlighting the Total operating revenues, Government reimbursements and Total operating expenses.

Ms. Kane adjourned the meeting at 11:02 a.m.