

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY
FINANCE COMMITTEE MINUTES
November 17, 2017**

The meeting of the Finance Committee of the Illinois Housing Development Authority took place on October 20, 2017 at 111 E. Wacker Drive, Chicago, Illinois at 10:00 a.m. Attending the meeting were Ms. Mary Kane; Mr. King Harris; Ms. Alyssa Rapp; Ms. Karen Davis; Ms. Luz Ramirez and Ms. Lorraine Hocker for the members. Also attending the meeting were Mr. John Germain of Jefferies; Mr. Bob Cafarelli of Zions Bank; Mr. Phil Rooney and Mr. Paul Haley of Barclays; Ms. Jennifer Fredericks of BNY Mellon; Mr. John Janicik of Mayer Brown; Mr. Mike Koessel of Citigroup; Ms. Susan Jun of Morgan Stanley; Mr. Peter Weiss of JP Morgan; Mr. Kevin Barney of Kutak Rock; Mr. David Petroni of PIRHL and Ms. Kate Gronstal of Evergreen Real Estate Group. For the Authority staff, Ms. Nandini Natarajan; Ms. Audra Hamernik; Ms. Deb Olson; Ms. Maureen Ohle; Mr. Reed Sullivan; Mr. John Chung; Ms. Vanessa Boykin; Ms. Christine Moran; Mr. Andy Decoux; Mr. Kyle Nestlehut; Mr. Andrew Nestlehut; Ms. Peggy Torrens; Mr. Richard Ess; Ms. Jenna Hebert and Ms. Lily Benitez were present.

Ms. Kane approved the October 20, 2017 Finance Committee meeting minutes as presented.

Ongoing Activity

Discussion: Monthly Interim Financial Statements.

Ms. Boykin stated: Financial Audit is complete and was signed off on October 27.

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

Discussion: Homeownership Mortgage Program Update.

Mr. Nestlehut stated: Reservations for October 2017 at 626 first mortgage loans or \$77.32 million; 308 mortgage loans or \$41.24 million for GNMA and 318 mortgage loans or \$36.08 million for Fannie Mae or conventional.

Mr. Nestlehut presented a slide showing prior year reservation comparisons for the month of October 2017. Reservations in October 2016 were \$29.6 million for GNMA and just over \$29.3 million for Fannie for a total of just over \$58.9 million.

Mr. Nestlehut continued: Through October 2017 and over the life of the program, 99.32% of all borrowers have been utilizing our Down Payment Assistant Program; we have a 20.76% fallout rate and our current pipeline is \$134.75 million.

Overall 45% of our borrowers are using an FHA product, 1% for VA, 1% for USDA which is also in that GNMA bucket; 53% are Conventional.

Discussion: Multifamily Update.

Ms. Moran provided an update on the Authority's Monthly Multifamily Projects and Activities.

Northtown Apartments is a mixed-use development located in the West Ridge neighborhood of Chicago. As a collaborative development between the City, CHA, and Chicago Public Library, this project will house 44 elderly residential units as well as a commercial space for a new branch of the Chicago Public Library. The development will sit on the land owned by the CHA. The CHA will enter into a 99-year ground lease with a not-for-profit corporation and ultimately be assigned to the borrower. The total square footage amounts to 62,770, of which 16,000 square feet are to be used for the library space on the ground floor. Floors two through four comprise the residential space. At initial close, the structure will have one single-purpose entity owner.

This is a really neat project in Rogers Park. They are going to use the tax credit equity to build the community space and the apartments and then the City of Chicago will enter into a lease with our borrower for one dollar a year to rent the community space and then they will operate it as a library.

During construction, we will be behind the construction loan, which is for the residential and the library space. The Advance package only showed the \$4.5 million construction loan for the library space, but in reality we will be behind a \$10 million construction loan, which will get paid down to about \$1,090,000. The pay down of that construction loan will come through the equity proceeds. IHDA is making a \$3 million Home loan investment, the City of Chicago has provided \$1.5 million in low income housing tax credits as well as donation tax credits and the CHA is putting in \$10.9 in capital funds.

Discussion: Multifamily Revenue Bonds, 2017 Series B.

Ms. Natarajan Provided an update and recap on Multifamily Revenue Bonds, 2017 Series B that was brought to Board for approval in October. We priced the week of October 30 and closed November 14.

Discussion: Tax Reform Update.

Mr. Sullivan provided an update on Tax Reform.

Tax Reform passed the House on Thursday night, it is in the Senate right now and passed committee last night. The Senate is a lot closer to a 50/50 vote. If the Senate passes tax reform, the House is going to have to compromise with them because the House has about a 9-vote majority.

Ms. Natarajan added: We are monitoring very closely; however, to be protective, we are working with Bond Counsel and our Financial Advisor. Other HFAs are looking at this, as well. It would be a Financing Structure that would allow us to preserve volume cap in 2017, issue a tax exempt structure in 2017 that would be remarketed in 2018 and 2019 without triggering a re-issuance. If you trigger a re-issuance in 2018 and private activity bonds are eliminated, you will then be taxable.

The projected timeframe is for the following week, the Senate will move it out, if they are able to do so, and then from there, up until Christmas, there will be a conference committee between the House and the Senate.

NEW BUSINESS

Resolution Ratifying Loan Loss Reserve.

Ms. Boykin stated: For the Board's approval today will be the Ratification of the Establishment of Loan Loss Reserve as of September 30, 2017. The Loan Loss Reserves are at \$46,382,560 and the Mortgage Participation Certificate Reserve is at \$727,278.

Resolution Authorizing the Execution and Delivery of a Supplemental Indenture Relating to the Authority's Outstanding \$1,650,000 Multifamily Housing Revenue Bonds, Series 2015B (Meadow View Apartments Project).

Mr. Chung stated: Meadow View Apartments is an existing conduit bond transaction originally approved at the November of 2014.

The property contains 96 units located in Blue Island. Due to timing issues, an existing resolution was approved at the August 2015 Board meeting and the transaction closed December 2015. Two series of bonds were issued, A and B. Series A for \$4 million has been fully redeemed and Series B bonds is the subject of this resolution with \$1.65 million currently outstanding.

In the current Indenture, pursuant to Section 3.04(a), the bonds were subject to

mandatory tender on November 1, 2017 but the mandatory tender did not occur due to the 90 day stabilization requirement (expected in December of 2017). The borrower and the bondholders agreed on November 1, 2017 to extend the mandatory tender date to May 1, 2018. The existing Trust Indenture also needs to be amended to reflect this change.

The resolution request is for the approval of the Trust Indenture to modify the initial mandatory tender date to May 1, 2018.

Resolution Authorizing the Issuance of Revenue Bonds, 2017 Series B.

Ms. Natarajan stated: This resolution is for Revenue Bonds, 2017 Series B.

The Authority will issue Revenue Bonds 2017 Series B to purchase and/or reimburse IHDA for its prior purchase of Mortgage-Backed Securities backed by Mortgage Loans made to eligible borrowers for owner occupied one-to-four unit residences. The issuance will help the Authority permanently finance MBSs originated in the Single Family program, and create ongoing streams of revenue for its programs and initiatives. The bonds are special limited obligations of the Authority with a claim for payment solely from the pledged property and revenues (not IHDA general obligation).

The resolution request is for the authorization to issue Series B bonds not to exceed \$125 million in aggregate, authorize the final maturity to be no later than 35 years after the date of issuance and authorize the interest rate not to exceed 5% per annum.

Closing is scheduled for December 19, 2017.

Ms. Kane adjourned the meeting at 10:42 a.m.