ILLINOIS HOUSING DEVELOPMENT AUTHORITY
FINANCE COMMITTEE MINUTES
December 14, 2018

The meeting of the Finance Committee of the Illinois Housing Development Authority took place on December 14, 2018 at 111 East Wacker Drive, Chicago, Illinois at 10:00 a.m. Attending the meeting were Mr. King Harris, Ms. Karen Davis, Ms. Mary Kane, Ms. Alyssa Rapp, Ms. Luz Ramirez, and Mr. Sam Tornatore for the Members. Also attending the meeting were Mr. John Janicik of Mayer Brown, Ms. Gloria Boyd of J.P. Morgan, Mr. Steven Harris, Mr. Steve Abbey of Huntington Bank, Ms. Susan Jun of Morgan Stanley, and Mr. Ryan Pollihan of Zions Bank, Ms. Cynthia Reis and Mr. Maurice Campbell of BNY Mellon, Ms. Sasha Nelson of Wells Fargo, and Mr. Timothy Hicks of the Forest Preserve District of Cook County. For the Authority staff, Mr. John Chung, Ms. Tara Pavlik, Mr. Richard Ess, Mr. Andrew Nestlehut, Ms. Nandini Natarajan, Ms. Audra Hamernik, Ms. Debbie Olsen, Ms. Maureen Ohle, Ms. Vanessa Boykin, Ms. Christine Moran, Mr. Andy DeCoux, and Mr. Tim Veenstra were present.

Meeting commenced at 10:00 a.m.

Ms. Kane motioned to approve the November 16, 2018 Finance Committee meeting minutes as presented.

ONGOING ACTIVITIES

Discussion: Monthly Interim Financial Statements.

Ms. Boykin provided an update on the Authority's Monthly Financial Statements for the period of July 1, 2018 through November 30, 2018 and compared actual results to the FY2019 budget. Administrative Fund operating revenues are approximately $22.3 million, $3.0 million above budget. Origination fees are higher from the timing of collecting tax credit reservation and other fees collected on new multifamily loans.

Ms. Boykin continued: Governmental Funds' reimbursements, (submitted quarterly) are estimated at $6.3 million or $1.2 million under budget through November mainly due to lower activity in the Hardest Hit Fund and Illinois Affordable Housing Trust Fund, offset by increases in the Residential Housing Support Program. Government Funds' operating expenses are approximately $6.5 million, $1.3 million under budget due to lower counseling fees, closing costs, and salaries and benefits in the Hardest Hit Fund. Total government operating results are at a loss of approximately $0.2 million primarily due to program expenses incurred for the BIBP, NSP, ARRA, Section 811, and CDBG programs which do not have reimbursable options at this time. Most other government programs are estimated to be fully reimbursed for the first five months of this fiscal year's expenses.

Ms. Boykin continued: Total Administrative Fund operating expenses are approximately $18.7 million, $2.6 million under budget. Several categories are currently favorable to budget with the most significant variances in salaries and benefits ($1.7 million) due to the timing of new hires, professional fees ($1.0 million) due to the timing of contractual payments, technology management ($0.3 million), and training and public relations ($0.2 million). Offsetting are higher financing costs ($0.6 million) due to the timing of bond issuances.

Ms. Boykin stated: Regarding FY2019 vs. FY2018, Total Administrative Fund operating revenues are $22.3 million, $6.7 million below last year mainly due to lower investment income ($5.8 million) resulting from changes in Market conditions and lower origination fees ($0.9 million) with fewer new loan closing in the current year. Governmental Funds' reimbursements are $6.3 million, $0.1 million increase over last November and operating expenses are approximately $6.5 million, $1.4 million over last year. The majority of government programs are estimated to be fully reimbursed for the first five months of this fiscal year's expenses. Total Administrative Fund operating expenses are approximately $18.7 million, $2.4 million over last year due to higher salaries and benefits ($1.2 million), financing costs ($1.4 million) due to timing, and Technology Management ($0.1 million) offset by lower professional fees ($0.3 million).

Discussion: Multifamily Update.

Ms. Moran stated: Multifamily is very busy with 30+ deals closed and another 15 closings scheduled by year-end. There were additional conversations regarding Brown County. A chart of support of housing units that exist in the state was a topic requested by committee members as something they wish to see as well as first mortgage finance program information. Ms. Moran said that is something that could be put together.

Discussion: Homeownership Mortgage Program Update.

Ms. Pavlik stated: Reservations for November 2018 were at 462 first mortgage loans or $57.37 million, 210 or $27.54 million for GNMA and 252 or $29.83 million for Fannie Mae or conventional. Prior year reservation comparisons for the month of November 2017 were at $59.93 million, $30.38 for GNMA and $29.55 for Fannie Mae.

Ms. Pavlik continued: Through November and over the life of the program, 99.46% of all borrowers have been utilizing our Down Payment Assistance; the Program has a 20.27% fallout rate. Our current pipeline is $119.94 million.

Overall 53% of our borrowers are using a Conventional product and 46% are using an FHA Regular product, 1% for USDA, and 0% for VA.

There were no new counties in our 100 county program footprint.

New Business

Resolution Authorizing Services Agreement for BondLink Investor Relations Website.

Ms. Natarajan discussed the Board Memo for the BondLink Investor Relations Website. We are looking for approval to enter a one-year agreement with BondLink at a cost not to exceed $49,000 in connection with the proposed launch of an investor relations website. This would be tailored to IHDA's bond programs and would drive the demand for our bond issuances.

Ms. Natarajan continued: By creating a dedicated investor relations website, IHDA will be able to tell its "story" in the manner it wishes and can include investor roadshow presentations, news releases, bond information, etc. Anyone accessing the site must register and IHDA will be able to track the number of users and access user information such as email address, company, documents downloaded, etc. A fee schedule was also reviewed. There were questions regarding paying for services not rendered such as the costs against the bond issuance total. Their fees are minimal and we would be able to exit this agreement in six months should we feel it is not worth continuing.

Resolution Authorizing Agreement for Commercial Banking Services.

Mr. Nestlehut stated: We are looking for approval for IHDA to enter into an agreement with Wells Fargo Bank to provide commercial banking related services for two existing and established bank account as well as the opening of new accounts during the ten-year contract period from February 1, 2019 through January 31, 2029.

The decision to choose Wells Fargo was based on the five responses to the RFP and the independent review scoring. The amount of this agreement is not to exceed $750,000 over the ten-year term.

Ms. Kane adjourned the meeting at 10:37 a.m.