ILLINOIS HOUSING DEVELOPMENT AUTHORITY
FINANCE COMMITTEE MINUTES
February 15, 2019

The meeting of the Finance Committee of the Illinois Housing Development Authority took place on February 15, 2019 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. Luz Ramirez, Ms. Alyssa Rapp, and Mr. Sam Tornatore for the Members. Also attending the meeting were Mr. John Janicik of Mayer Brown, Mr. Jeff Gertz of J.P. Morgan, Ms. Barbara Feldman of Bank of America Merrill Lynch, Ms. Susan Jun of Morgan Stanley, Ms. Jennifer Fredericks and Mr. Jonathan Glover of BNY Mellon, and Mr. Bob Cafarelli of Zions Bank. For the Authority staff, Ms. Audra Hamernik, Ms. Maureen Ohle, Ms. Nandini Natarajan, Mr. Tim Hicks, Ms. Debbie Olsen, Mr. Andrew Nestlehut, Mr. John Chung, Ms. Tara Pavlik, Ms. Christine Moran, Mr. Tim Veenstra, Mr. Jesse Bermudez, Ms. Juanita Capiak, Ms. Lisa Jackson, Ms. Mellony Brooks, Ms. Miriam Matienzo, Mr. Sirius Stewart, Mr. Victor Villegas, and Ms. Violet Bautista were present.

Meeting commenced at 10:03 a.m.

Ms. Kane motioned to approve the January 18, 2018 Finance Committee meeting minutes as presented.

<u>ONGOING ACTIVITIES</u>

<u>Discussion: Monthly Interim Financial Statements.</u>

Ms. Natarajan introduced Mr. Timothy Hicks, Controller. Mr. Hicks provided an update on the Authority's Monthly Financial Statements for the period of July 1, 2018 through January 31, 2019 and compared actual results to the FY2019 budget. Administrative Fund operating revenues are approximately $29.1 million, $2.5 million favorable to budget. Origination fees are higher from the timing of tax credit reservation and other fees collected on new multifamily loans.

Mr. Hicks continued: Governmental Funds' reimbursements, which are submitted for payment on a quarterly basis, are estimated at $8.5 million or $2.0 million favorable to budget through January mainly due to lower activity in the Hardest Hit Fund, HOME Program and Illinois Affordable Housing Trust Fund, offset by increases in the Rental Housing Support Program. Governmental Funds' operating expenses are approximately $8.7 million, $2.1 million favorable to budget mainly due to incurring lower counseling fees, closing costs and salaries and benefits in the Hardest Hit Fund. Total government operating results are unfavorable at approximately $0.2 million, in part, due to 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 seven months of this fiscal year's expenses.

Mr. Hicks continued: Total Administrative Fund operating expenses are approximately $26.0 million, $4.7 million favorable to budget. Several categories are currently favorable to budget, primarily salaries and benefits ($1.7 million) due to the timing of new hires, professional fees ($1.9 million) due to the timing of contractual payments, technology management ($0.5 million) and training and public relations ($0.3 million).

Mr. Hicks stated: Regarding FY2019 vs. FY2018, Total Administrative Fund operating revenues through January 31, 2019 are approximately $29.1 million, $8.1 million below last year, mainly due to lower investment income ($5.7 million) resulting from changes in market conditions and lower origination fees ($1.8 million) with fewer new loan closings in the current year. Governmental Funds' reimbursements, which are submitted for payment on a quarterly basis, are estimated at $8.5 million, a $9K decrease from last January. Governmental Funds' operating expenses are approximately $8.7 million, $0.1 million under last year. The majority of government programs are estimated to be fully reimbursed for the first seven months of this fiscal year's expenses. Total Administrative Fund operating expenses are approximately $26.0 million, $1.5 million over last year due to higher salaries and benefits ($2.0 million) resulting from increased headcount and merit increases and financing costs ($0.5 million) due to timing of financings, offset by lower professional fees ($0.8 million).

Discussion: Multifamily Update.

Ms. Moran stated: Multifamily is expecting their biggest day since the 9% tax credit applications are due today. There are 100 approved preliminary project assessments in the system, so theoretically there are 55-65 that will be done. They are planning to review them and have them ready to review at the May Board Meeting. Multifamily is also gearing up for another program application round for final release at the end of March.

Ms. Moran continued: Multifamily is working on the 2020-2021 allocation plan and have put out the dates for QAP summits where they receive input from developers on what is and isn't working.

Discussion: Homeownership Mortgage Program Update.

Ms. Pavlik stated: We are using a new format for Homeownership Mortgage Reporting. Reservations for January 2019 were at 319 first mortgage loans or $41.05 million, 177 or $24.26 million for GNMA and 142 or $16.79 million for Fannie Mae. Prior year reservation comparisons for the month of December 2017 were at $45.34 million, $23.71 for GNMA and $21.63 for Fannie Mae.

Ms. Pavlik continued: For January, IHDA Mortgage Statistics consisted of 138 Access Mortgage Loans accounting for 43% or $17.58 million, 174 1stHomeIllinois loans accounting for 55% or $22.55 million, and 7 I-Refi loans accounting for 2% or $0.91 million with a total of 319 loans and $41.05 million. Within the Access Mortgage Program usage is as follows: 4% Forgivable accounted for 69%, 5% Deferred accounted for 14%, and 10% Repayable accounted for 17%. Program percentages were 14% for the Central, 61% for Chicago, 18% for the Northwest, and 7% for the Southern regions respectively.

Ms. Pavlik concluded: There are 1,252 loans in the pipeline at a total of $156.73. Timing from reservation to approved for purchase is 48 days average, 56 days average from reservation to purchase.

New Business

Resolution Ratifying Establishment of Loan Loss Reserve.

Mr. Hicks discussed the Board Resolution for Ratifying Establishment of Loan Loss Reserve and its associated Exhibit A reviewing the reserve balances in the Accounts for the quarter end of December 31, 2018. The reserves increased slightly and the proprietary fund had less than $0.4. There has not been much activity quarter over quarter. The Mortgage Participation Certificate Program reserve went down slightly. There has not been a lot of movement in the reserves.

Resolution Authorizing the Issuance of Multifamily Housing Revenue Note, Series 2019A (Jarrell Washington Park).

Mr. Ess stated: IHDA will issue Multifamily Housing Revenue Note, Series 2019A (Jerrell Washington Park) to finance the acquisition and rehabilitation of Jarrell Washington Park comprised of 8 buildings with 100 units located between 57th and 61st Street on South Michigan Avenue in Chicago. These notes are conduit financing; the Series 2019A Note will be tax-exempt, private placed, and long term. The interest rate on the Note will be variable rate during construction and will convert to a fixed rate after stabilization. They are limited obligation with no credit risk to the Authority (no IHDA G.O.).

Mr. Ess continued: The issuance of MHRN Series 2019A (Jarrell Washington Park) will not exceed $11 million with a final maturity no later than December 1, 2057. The interest rate is not to exceed (i) 12% or (ii) the maximum rate permitted under Illinois law. A projected schedule of events as well as the list of transaction participants were also shared.

Ms. Kane adjourned the meeting at 10:29 a.m.