

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY  
FINANCE COMMITTEE MINUTES  
September 21, 2018**

The meeting of the Finance Committee of the Illinois Housing Development Authority took place on September 21, 2018 at 111 East Wacker Drive, Chicago, Illinois at 10:00 a.m. Attending the meeting was Mr. King Harris, Ms. Karen Davis, Ms. Mary Kane, Ms. Alyssa Rapp, and Mr. Sam Tornatore for the Members. Also attending the meeting were Ms. Natalie Moretz and Mr. Tom Coomes from Citi, Mr. Jeff Gertz of J.P. Morgan, Ms. Jennifer Fredericks of Bank of New York Mellon, Mr. Robert Foggio of Jefferies & Co., Mr. Robert Koerner of Standard, Mr. John Janicik of Mayer Brown, Ms. Victoria Pool of Schiff Hardin, and Ms. Stephanie Konrath of Zions Bank. For the Authority staff; Mr. John Chung, Ms. Tara Pavlik, Ms. Vanessa Boykin, Mr. Andrew Nestlehut, Ms. Nandini Natarajan, Ms. Audra Hamernik, Ms. Debbie Olsen, Ms. Maureen Ohle, Ms. Christine Moran, Mr. Andy DeCoux and Ms. Laura Sayen were present.

**Meeting commenced at 9:58 a.m.**

Ms. Kane motioned to approve the August 17, 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 August 31, 2018 and compared actual results to the FY2019 budget. Administrative Fund operating revenues are approximately \$11.0 million, \$2.9 million above budget. Investment income is \$1.5 million favorable. Origination fees are due to timing. Ms. Boykin also stated that Governmental Funds' reimbursements were under budget by \$0.4 million and operating expenses were also \$0.4 million lower due to lower activity in the Hardest Hit Fund. Total Administrative Fund Operating expenses are approximately \$7.3 million, \$0.9 million under budget. Financing costs are \$0.6 million over budget due to an issuance of bonds early in the current fiscal year.

Ms. Boykin continued: Regarding FY2019 vs. FY2018, Total Administrative Fund operating revenues are \$11.0 million, \$0.9 million below last year. Governmental Funds' reimbursements are \$2.6 million, \$0.4 million over last August and operating expenses are approximately \$2.7 million, \$0.4 million over due to increased program activity in the Hardest Hit Fund and the addition of the Project Reinvestment Financial Capabilities Program. Total Administrative Fund operating expenses are approximately \$7.3 million,

\$1.0 million over last year due to higher salaries and benefits, financing costs due to timing, and are offset by lower office administration costs.

*Discussion: Homeownership Mortgage Program Update.*

Ms. Pavlik stated: Reservations for August 2018 at 736 first mortgage loans or \$92.15 million; \$44.36 million for GNMA and \$47.79 million for Fannie Mae or conventional. Prior year reservation comparisons for the month of August 2017 were at \$84.09 million; \$41.59 for GNMA and \$42.50 for Fannie Mae. Ms. Pavlik continued: Through August and over the life of the program, 99.44% of all borrowers have been utilizing our Down Payment Assistant Program, we have a 20.31% fallout rate. Our current pipeline is \$155.83 million.

Overall 52% of our borrowers are using a Conventional product and 47% are using an FHA Regular product, 0% for USDA, and 1% for VA.

***New Business***

*Resolution Amending a Portion of the Administrative Fund Net Assets.*

Ms. Natarajan stated: IHDA annually designates a portion of the net assets in the Administrative fund for the programs and initiatives of the Authority. A schedule, Schedule A of Resolution No. 2018-IHDA-159, was discussed amounting to \$205,000,000. These expenditures will be incorporated into the financial statements of the Authority for fiscal year end June 30, 2018 and will take effect immediately upon adoption of the resolution.

This resolution Amending Designations of a Portion of Administrative Fund Net Assets for Various Programs and Expenditures, with itemized Schedule A, will be presented to the Board today, September 21, 2018, under II. Consent Agenda, item C.

*Resolution Authorizing the Issuance of Revenue Bonds Series 2018A.*

Mr. Nestlehut stated: IHDA will issue Revenue Bonds (RB) Series A to purchase and/or reimburse IHDA for its prior purchase of Mortgage-Backed Securities. The issuance will help IHDA permanently finance MBSs originated in the Single Family Program. The RBs are special limited obligations, not IHDA general obligation bonds.

The resolution request is to authorize the issuance of RB2018 Series A bonds not to exceed \$100,000,000 in aggregate, final maturity no later than 35 years after the date of issuance with an interest rate not to exceed 5% per annum. A schedule of activities, with an estimated closing date of October 31, 2018, and list of transaction participants was also included.

Resolution Authorizing the Issuance of Multifamily Housing Revenue Bonds Series 2018 (Heather Ridge).

Mr. Chung stated: IHDA will issue the Series 2018 bonds to finance the acquisition and rehabilitation of Heather Ridge Apartments containing 169 units located at 9500 14<sup>th</sup> Street West in Rock Island, IL. Series 2018 (Heather Ridge) bonds will be collateralized by cash proceeds of a FHA-insured loan pursuant to the 221(d)(4) insurance program. Conduit financing – Publicly placed, fixed rate, short term tax-exempt bonds and are limited obligation - no credit risk to the Authority (No IHDA G.O.)

The resolution request is to authorize the issuance of Multifamily Housing Revenue Bonds, Series 2018 (Heather Ridge) is not to exceed \$19,000,000, final maturity no later than October 1, 2023 with an interest rate not to exceed 5% per annum. A copy of the resolution participants and schedule with a target closing date of October 25, 2018 was included.

Resolution Authorizing the Issuance of Multifamily Housing Revenue Bonds Series 2018 (Century Woods).

Mr. Chung stated: IHDA will issue Multifamily Housing Revenue Bonds, Series 2018 to finance the acquisition and rehabilitation of Century Woods Apartments containing 230 units located at 1400 5<sup>th</sup> Street in Rock Island, IL. Series 2018 (Century Woods) bonds will be collateralized by cash proceeds of a FHA-insured loan pursuant to the 221(d)(4) insurance program. Conduit financing – Publicly placed, fixed rate, short term tax-exempt bonds with limited obligation - no credit risk to the Authority (No IHDA G.O.)

The resolution request is to authorize the issuance of Multifamily Housing Revenue Bonds, Series 2018 (Century Woods) is not to exceed \$21,000,000, final maturity no later than October 1, 2023 with an interest rate not to exceed 5% per annum. A copy of the resolution participants and schedule with an estimated closing date of October 25, 2018 was included.

Resolution Authorizing the Issuance of Multifamily Mortgage Revenue Note Series 2018 (Standard Portfolio).

Mr. Chung stated: IHDA will issue five series of notes to finance the acquisition and rehabilitation of the Standard Illinois Portfolio consisting of the following properties: Maple Pointe Apartments, containing 343 units located at 150 West Maple Street in Chicago; Walsh Park Apartments, containing 134 units located at 1734 North Paulina Street in Chicago; Centennial North Apartments, containing 101 units located at 900 East Ardyce Lane in Mount Prospect; Centennial South Apartments, containing 97 units located at 900 Centennial Drive in Mount Prospect; and Wolford Apartments, containing 101 units located at 9 East Harrison Street in Danville

Mr. Chung continued: These bonds are conduit financing – long term tax-exempt notes privately placed, directly with Citibank. The notes are cross-defaulted and cross collateralized. They are limited obligation with no credit risk to the Authority. (No IHDA general obligation.)

The resolution request is to authorize the issuance of Multifamily Housing Revenue Note Series A (Maple Pointe) not to exceed \$70,000,000; Multifamily Mortgage Revenue Note Series B (Walsh Park) not to exceed \$38,000,000; Multifamily Mortgage Revenue Note Series C (Centennial North) not to exceed \$18,000,000; Multifamily Mortgage Revenue Note Series D (Centennial South) not to exceed \$17,000,000; and Multifamily Mortgage Revenue Note Series E (Wolford Apartments) not to exceed \$11,000,000. Final maturity of Notes Series A through E to be no later than December 1, 2051 with interest rate on Notes Series A through E not to exceed 8.5% per annum. Series A through Series E notes in aggregate not to exceed \$154,000,000. A copy of the resolution participants and schedule with a closing date of October 18, 2018 was included.

*Resolution Authorizing the Issuance of Multifamily Mortgage Revenue Note Series 2018 (I-Care).*

Mr. Chung: This transaction was previously approved at the April 20, 2018 board meeting as a short-term conduit bond structure with IHDA bonds being collateralized by proceeds of an FHA 223(f) insured loan. Due to structuring issues, the transaction will no longer contain any FHA insurance. IHDA will issue two series of notes to finance the acquisition and rehabilitation of I.C.A.R.E. Apartments, containing 60 units located at 501 N. Cass Avenue in Westmont. Both series of notes will be collateralized by the underlying real estate and purchased directly by Citi Community Capital. Conduit financing – privately offered, tax exempt notes. These are limited obligation - no credit risk to the Authority (No IHDA G.O.)

The resolution request is to authorize the Issuance of MHRN 2018 Series A (I.C.A.R.E. Apartments) not to exceed \$6,000,000 with a final maturity date no later than September 1, 2053, interest rate not to exceed 8%; and Issuance of MHRN 32018 Series B (I.C.A.R.E. Apartments) not to exceed \$3,000,000 with a final maturity date no later than September 1, 2023 with an interest rate not to exceed (i) 12% or (ii) the maximum rate permitted under Illinois law. Series A and Series B notes in aggregate not to exceed \$8,000,000. A copy of the resolution request, projected schedule of dates with a closing date of September 27, 2018, and list of transaction participants was also included.

**Ms. Kane adjourned the meeting at 10:28 a.m.**