ILLINOIS HOUSING DEVELOPMENT AUTHORITY
FINANCE COMMITTEE MINUTES
September 29, 2017

The meeting of the Finance Committee of the Illinois Housing Development Authority took place on September 29, 2017 at 111 E. Wacker Drive, Chicago, Illinois at 10:00 a.m. Attending the meeting were Ms. Mary Kane, Mr. Sam Tornatore, Mr. King Harris, Ms. Karen Davis, Ms. Luz Ramirez and Ms. Alyssa Rapp for the members. Also attending the meeting were Ms. Jennifer Fredericks of BNY Mellon; Ms. Susan Jun of Morgan Stanley; Mr. John Germain of Jefferies; Mr. Mike Koessel of Citigroup; Mr. John Janicik of Mayer Brown; Mr. Scott Graham of US Bank; Mr. Paul Haley and Mr. Vikram Shah of Barclays and Mr. David Petroni of PIRHL. For the Authority staff, Ms. Nandini Natarajan; Ms. Audra Hamernik; Ms. Deb Olson; Mr. John Chung; Ms. Vanessa Boykin; Ms. Christine Moran; Mr. Andy Decoux; Ms. Tara Pavlik; Mr. Tim Veenstra; Mr. Rich Ess; Mr. Matt Rangel; Ms. Jenna Hebert; Ms. Amber Lockwood; Mr. Michael McEvoy; Mr. Stavone Martin and Ms. Lily Benitez were present.

Ms. Kane approved the August 18, 2017 Finance Committee meeting minutes as presented.

Ongoing Activity

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.

Discussion: Homeownership Mortgage Program Update.

Ms. Pavlik stated: Reservations for August 2017 at 660 first mortgage loans or $84.21 million; 293 mortgage loans or $41.64 million for GNMA and 367 mortgage loans or $42.57 million for Fannie Mae or conventional.

Ms. Pavlik presented a slide showing prior year reservation comparisons for the month of August 2017. Reservations in August 2016 were $43.5 million for GNMA and just over $42.9 million for Fannie for a total of just over $86.4 million.

Ms. Pavlik continued: Through August 2017 and over the life of the program, 99.48% of all borrowers have been utilizing our Down Payment Assistant Program; we have a 20.97% fallout rate and our current pipeline is $116.33 million.

Overall 46% of our borrowers are using an FHA product, 1% for VA, 1% for USDA which is also in that GNMA bucket; 52% are Conventional.

Discussion: Multifamily Update.

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

NEW BUSINESS

Resolution Amending a Portion of the Administrative Fund Net Assets.

Ms. Natarajan stated: This resolution is amending designations of a Portion of Administrative Fund Net Assets for Various Programs and Expenditures.

Annually, in the audited financial statements, the Authority designates a portion of the net assets in the Administrative fund for the programs and initiatives of the Authority, which are in support of current and future business initiatives.

Ms. Natarajan provided a schedule of expenditures for incorporation into the Authority's financial statements for the fiscal year ended June 30, 2017, which take effect immediately upon the adoption of the resolution. The schedule of items represent tentative plans for the next year or future periods. Such plans are subject to change from original authorizations and may never result in expenditures.

Resolution Authorizing a Mortgage Credit Certificate Program.

Ms. Pavlik stated: This resolution is for the approval to establish a new Mortgage Credit Certificate ("MCC") program and exchange IHDA's authority to issue up to $137,684,438 in aggregate principal amount of private activity bonds for the authority to issue Mortgage Credit Certificates.

Ms. Pavlik provided a presentation explaining what a MCC is and a Calculation of Benefit example.

Ms. Rapp asked: Is the borrower paying a set fee?

Ms. Pavlik responded: Yes, IHDA collects a $350 fee and the lender charges a $150 fee to the borrower. I would like to add that this credit certificate is good up to 30 years for the life of the loan.

Ms. Rapp asked: How do you make it available?

Ms. Pavlik responded: We market it, we solicit it and it is on our website. It is part of our training piece.

<u>Resolution Authorizing the Issuance of Not to Exceed $14,000,000 Aggregate Principal Amount of Multifamily Housing Revenue Bonds, Series 2017 (Anathoth Gardens).</u>

Mr. Chung stated: This resolution is for Multifamily Housing Revenue Note Series 2017 (Anathoth Gardens).

At the June 16, 2017 Board meeting an inducement resolution was adopted pursuant to resolution 2017-IHDA-285 expressing intent to issue bonds not to exceed $7 million. The current resolution for board consideration contemplates IHDA to issue its Multifamily Housing Revenue Note, Series 2017 (Anathoth Gardens) to finance the acquisition and rehabilitation of Anathoth Gardens, containing 40 units located at 34 North Keeler Avenue in Chicago. The Series 2017 Note will be tax-exempt, variable rate, short term and will be privately placed with CIBC Bank USA to financing during construction. CIBC Bank USA will also be providing the permanent financing. It is a conduit financing, limited obligation with no credit risk to the Authority.

The resolution request is for the authorization of the Note amount to not exceed $7 million, maturity not to exceed October 1, 2020 and interest rate not to exceed the lesser of 12% or the legal maximum rate in Illinois.

Closing is targeted for November 15, 2017.

<u>Resolution Authorizing the Issuance of Not to Exceed $9,000,000 Aggregate Principal Amount of Multifamily Housing Revenue Bonds, Series 2017 (Sunset Heights).</u>

Mr. Chung stated: This resolution is for Multifamily Housing Revenue Bonds Series 2017 (Sunset Heights).

IHDA will issue Multifamily Housing Revenue Bonds to finance the acquisition and rehabilitation of Sunset Heights, containing 141 units in six buildings, located at 3130 9th Street in Rock Island, Illinois. The Series 2017 bonds will be tax-exempt, fixed rate, short term and publicly offered. The bonds are expected to be rated at the “AA+” level by Standard and Poor’s. At closing, the Authority issued bonds as to principal and interest to maturity will be cash collateralized with proceeds from a FHA loan insured under its 223(f) program, as well as other sources. This is a conduit financing, limited obligation with no credit risk to the Authority.

The resolution request is for the authorization of Series 2017 bond amount to not exceed $9 million, maturity not to exceed December 1, 2021 and interest rate not to exceed 5% per annum.

Closing is targeted for November 15, 2017.

Ms. Kane adjourned the meeting at 10:39 a.m.