ILLINOIS HOUSING DEVELOPMENT AUTHORITY
FINANCE COMMITTEE MINUTES
December 20, 2019

The meeting of the Finance Committee of the Illinois Housing Development Authority took place on December 20, 2019 at 111 East Wacker Drive, Chicago, Illinois at 10:00 a.m. Attending the meeting were Mr. King Harris, Ms. Karen Davis, Mr. Darrell Hubbard, Ms. Sonia Berg, Ms. Luz Ramirez, and Ms. Alyssa Rapp, and Mr. Thomas Morsch for the Members. Also attending the meeting were Ms. Susan Jun and Mr. Mike Koessel of Citi, Mr. Jeff Gertz and Mr. Peter Weiss of J.P. Morgan, Ms. Stephanie Konrath of Zions Bank, Mr. Paul Haley of Barclays, Mr. Jonathan Glover of BNY Mellon, Mr. Alex Vlamis and Mr. Geoff Proulx of Morgan Stanley, and Mr. Steve Abbey and Mr. Mike Valo of Huntington Bank. For the Authority staff, Ms. Kristin Faust, Ms. Tracy Grimm, Ms. Maureen Ohle, Mr. Tim Hicks, Ms. Debbie Olsen, Mr. Andrew Nestlehut, Ms. Christine Moran, and Mr. Andy DeCoux.

Mr. Hubbard called the meeting to order at 10:01 a.m.

Mr. Hubbard motioned to approve the November 15, 2019 Finance Committee Meeting minutes as presented.

ONGOING ACTIVITIES

Discussion: Monthly Interim Financial Statements.

Mr. Hicks stated: Operating Revenues for YTD are $22.4M which is $3.7M favorable to budget and Administrative Reimbursements YTD are $6.4M which is $0.3M favorable to budget. Key Drivers for the favorability in Operating Revenues is Investment Income of $5.3M offset by lower Origination Fees down $0.8M (specifically Development Fees $0.9M) and Ongoing Fees down $0.7M (specifically Bond Admin fee $0.8M).

Mr. Hicks continued: Operating Expenses for the Admin Fund YTD are $17.9M which is $4.3M favorable to budget while the Operating Expenses for the Government Funds YTD are $5.4M which is $0.7M favorable to budget. For the Admin Fund the Key Drivers for being favorable to budget are driven for Salaries and Benefits $1.7M, Professional Fees $0.9M, and Financing Costs $1.2M. For the Government Funds the key driver is Salaries and Benefits which is favorable $0.9M and is offset by Professional Fees which is unfavorable by $0.2M.

Mr. Hicks concluded: Operating Revenues for the Admin Fund and Administrative Reimbursements are flat to Prior Year. Operating Expenses for the Admin Fund are $0.9M unfavorable to prior year while the Expenses for the Governmental Funds are favorable to prior year by $1.0M. For the Admin Fund the key drivers for being unfavorable is Office Administration Expenses $0.3M which is driven mainly by the Office Space Changes, Salaries & Benefits $0.3M, Professional Fees $0.2M, and Technology Management $0.3M. Favorability for the Government Fund is driven by Salaries and Benefits $0.2M, Professional Fees $0.3M, Office Administration $0.2, and Technology Management $0.1M which are mostly related to the wind down of the Hardest Hit Fund Program.

Discussion: Multifamily Update.

Ms. Moran stated: We've been busy, in 2019 we've closed over 50 transactions. We have about 5 more trying to close by the end of the year. We had a listening session with the development community this past Tuesday. It was a great session, we had about 60 people in attendance. We are busy working on our pre-applications, we've received 87 applications. Those are the projects that will apply for the 9% tax credits in March. We also had our permanent supportive housing application loan committee meeting this week. We've received 11 applications and are bringing 9 of them to the January Board.

Discussion: Homeownership Mortgage Program Update.

Ms. Grimm stated: Reservations for November 2019 were at 515 first mortgage loans or $73.63 million, 294 or $44.34 million for GNMA and 221 or $29.29 million for Fannie Mae. Prior year reservation comparisons for the month of November were at $57.05 million, $27.22 for GNMA and $29.82 for Fannie Mae.

Ms. Grimm continued: For November 2019, IHDA Mortgage Statistics consisted of 253 Access Mortgage Loans accounting for 49% or $35.63 million, 259 1stHomeIllinois loans accounting for 50% or $37.72 million, and 3 I-Refi loans accounting for 0% or $0.28 million with a total of 515 loans and $73.62 million. Within the Access Mortgage Program usage is as follows: 4% Forgivable accounted for 74%, 5% Deferred accounted for 15%, and 10% Repayable accounted for 11%. Program percentages were 11% for the Central, 65% for Chicago, 18% for the Northwest, and 7% for the Southern regions respectively.

Ms. Grimm concluded: There are 1,501 loans in the pipeline at a total of $213.87 million. Timing from reservation to approved for purchase is 47 days average, 53 days average from reservation to purchase.

Discussion: Revenue Bonds 2019 Series D Post Pricing Analysis.

Mr. Nestlehut stated: We talked about accelerating this deal to the week of Thanksgiving because we had other deals going on in the multifamily side. It turned out to be a good decision to be in the market that week as we were able to benefit from not having to compete with other issuances the following week. Mr. Jeff Gertz and Mr. Peter Weiss from J.P. Morgan discussed the bond deal in more detail.

NEW BUSINESS

Resolution Authorizing the Renewal of a Standby Bond Purchase Agreement ("SBPA") with Federal Home Loan Bank of Chicago ("FHLBC").

Mr. Nestlehut stated: This resolution covers the Standby Bond Purchase Agreement which provides liquidity on the bonds for which we enter into variable rate debt. These variable rate bonds are remarketed on a weekly basis and if they can't be remarketed, we need liquidity to purchase the bonds. The Federal Home Loan Bank of Chicago steps in and buys the bonds and they become bank bonds with specific terms. The agreement we entered into in 2015 is expiring and we wish to have a new one in place for the next five years. This gives us protection in case the bonds can't be remarketed.

Mr. Hubbard adjourned the meeting at 10:20 a.m.