ILLINOIS HOUSING DEVELOPMENT AUTHORITY
FINANCE COMMITTEE MINUTES
January 17, 2020

The meeting of the Finance Committee of the Illinois Housing Development Authority took place on January 17, 2020 at 111 East Wacker Drive, Chicago, Illinois at 10:00 a.m. Attending the meeting were Mr. King Harris, Mr. Darrell R. Hubbard, Ms. Sonia Berg, Ms. Luz Ramirez, and Mr. Thomas Morsch for the Members. Also attending the meeting were Mr. Jeff Gertz of J.P. Morgan, Mr. Bob Cafarelli and Ms. April Lepic of Zions Bank, Mr. Paul Haley of Barclays, Mr. Jonathan Glover and Mr. Maurice Campbell of BNY Mellon, Mr. Phillip Genetos and Mr. Tyler Kalachnik of Ice Miller LLP, Mr. Nick Vallorano of Mayer Brown LLP, Ms. Merci Stahl of U.S. Bank, Mr. Bob Foggio of Jefferies, Ms. Barbara Feldman of Bank of America, and Mr. David Brint of Brinshore Development. For the Authority staff, Ms. Kristin Faust, Ms. Tracy Grimm, Ms. Karri Kartes, Ms. Tara Pavlik, Mr. Tim Hicks, Ms. Debbie Olsen, Mr. Andrew Nestlehut, Ms. Christine Moran, Mr. Herman Fein, and Mr. Tim Veenstra.

Mr. Hubbard called the meeting to order at 10:00 a.m.

Mr. Hubbard motioned to approve the December 20, 2019 Finance Committee Meeting minutes as presented.

ONGOING ACTIVITIES

Discussion: Monthly Interim Financial Statements.

Mr. Hicks stated: Operating Revenues for YTD are $26.8M which is $4.3M favorable to budget and Administrative Reimbursements YTD are $7.6M which is $0.3M favorable to budget. Key Drivers for the favorability in Operating Revenues is Investment Income of $4.4M offset by lower Origination Fees down $0.3M and Ongoing Fees down $0.1M.

Mr. Hicks continued: Operating Expenses for the Admin Fund YTD are $22.6M which is $4.2M favorable to budget while the Operating Expenses for the Government Funds YTD are $7.0M which is $0.8M unfavorable to budget. (Counseling and Contractual Service in HHF key drivers). For the Admin Fund the Key Drivers for being favorable to budget are driven for Salaries and Benefits $2.3M, Professional Fees $0.8M, and Financing Costs $0.5M and Office Administration and Training & Public Relations both favorable $0.2M. For the Government Funds the key driver is Salaries and Benefits which is unfavorable $0.2M and Professional Fees which is unfavorable by $0.6M.

Mr. Hicks concluded: Operating Revenues for the Admin Fund and Administrative Reimbursements are favorable $0.8M and $0.2M respectively. Operating Expenses for the Admin Fund are $0.5M favorable to prior year while the Expenses for the Governmental Funds are favorable to prior year by $0.6M. For the Admin Fund the key drivers for being favorable is Salaries & Benefits $0.7M and Financing Costs $0.9M offset by unfavorability in Professional fees $0.6M, Office Administration $0.3M, and Technology Management $0.3M. Favorability for the Government Fund is driven by Financing Cost $0.2M, Office Administration $0.3M, 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're bringing the permanent supportive housing applications will be going to Board today for approval. We received 11 applications requesting $48 million in capital resources. We are recommending 9 projects. This will create about 572 units.

Ms. Moran continued: I'd like to share some highlights from 2019. We received 120 preliminary project assessments. Of those, 98 made application to IHDA either for 9% credits, 4% credits, donation tax credits, or permanent supportive housing. Multifamily closed 54 transactions last year representing about 2700 new or preserved units of housing across the state. The largest project closed was with the Chicago Housing Authority for 480 units and our smallest transaction was a tax credit deal in Pullman that had 3 units. We also had one project that closed in the final days of 20019 that had been in house since 2013. We also did $82 million in first mortgage loans.

Discussion: Homeownership Mortgage Program Update.

Ms. Pavlik stated: Reservations for December 2019 were at 558 first mortgage loans or $77.81 million, 297 or $44.03 million for GNMA and 261 or $33.77 million for Fannie Mae. Prior year reservation comparisons for the month of December were at $50.89 million, $28.90 for GNMA and $21.99 for Fannie Mae.

Ms. Pavlik continued: For December 2019, IHDA Mortgage Statistics consisted of 211 Access Mortgage Loans accounting for 38% or $28.74 million, 340 1stHomeIllinois loans accounting for 61% or $48.21 million, and 7 I-Refi loans accounting for 1% or $0.87 million with a total of 558 loans and $77.82 million. Within the Access Mortgage Program usage is as follows: 4% Forgivable accounted for 72%, 5% Deferred accounted for 16%, and 10% Repayable accounted for 12%. Program percentages were 9% for the Central, 66% for Chicago, 17% for the Northwest, and 8% for the Southern regions respectively.

Ms. Pavlik concluded: There are 1,843 loans in the pipeline at a total of $257.26 million. Timing from reservation to approved for purchase is 47 days average, 54 days average from reservation to purchase.

Discussion: Multifamily Revenue Bonds Series 2019A (Ravenswood).

Mr. Nestlehut stated: Bank of America was the senior underwriter of the transaction we closed in December. This was a reuse of an old hospital into affordable housing. Ms. Barbara Feldman gave a high-level overview of the transaction.

NEW BUSINESS

Resolution Updating the Continuing Disclosure Policy.

Mr. Nestlehut stated: This resolution covers the update to the Continuing Disclosure Policy. It is an administrative update of the policy to include the new rules covered under Rule 15c2-12. Ensuring we are compliant with our issuances and offerings, as applicable under Rule 15c2-12.

Resolution Ratifying Permitted Financial Activities.

Mr. Nestlehut stated: This is a recap of the financial activities we've had during the quarter ending December 31, 2019. Our book value was $1.514 billion. Purchases were $676 million, sales were $100 million, and maturities were $472 million. Return on investments for this quarter were above the weighted average Treasury curve. Payout and draws for the quarter were at $38 million and bond debt service was $45 million over the course of the quarter. We had two interest rate caps, three swaps, and hedges in terms of the single family pipeline of $256 million.

Resolution Amending Financial Management Policy (Exhibit B).

Mr. Nestlehut stated: This resolution relates to updating the Financial Management Policy Exhibit B which is of our authorized counterparties. We are updating one counterparty broker to our list.

Mr. Hubbard adjourned the meeting at 10:24 a.m.