ILLINOIS HOUSING DEVELOPMENT AUTHORITY
FINANCE COMMITTEE MINUTES
April 16, 2020

The meeting of the Finance Committee of the Illinois Housing Development Authority took place virtually via Zoom on Thursday, April 16, 2020 at 10:00 a.m. Attending the meeting were Finance Committee Chair Mr. Darrell R. Hubbard, Mr. King Harris, Ms. Karen Davis, Ms. Luz Ramirez, Ms. Sonia Berg, Mr. Sam Tornatore, Ms. Aarti Kotak, and Mr. Thomas Morsch.

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

Mr. Hubbard motioned to approve the February 21, 2020 Finance Committee Meeting minutes as presented.

ONGOING ACTIVITIES

Discussion: Monthly Interim Financial Statements.

Mr. Hicks stated: Operating Revenues for YTD are $36.8M which is $3.0M favorable to budget and Administrative Reimbursements YTD are $11.7M which is $0.7M favorable to budget. Key Drivers for the Favorability in Operating Revenues is Investment Income of $3.7M offset by lower Origination Fees down $1.2M.

Mr. Hicks continued: Operating Expenses for the Admin Fund YTD are $33.1M which is $7.0M favorable to budget while the Operating Expenses for the Government Funds YTD are $11.7M which is $0.5M unfavorable to budget. For the Admin Fund the key drivers for being favorable to budget are driven by Salaries and Benefits $3.6M, Professional Fees $2.4M and Training & Public Relations favorable $0.4M. For the Government Funds the key driver is Salaries and Benefits which is favorable $1.2M offset by Professional Fees and Office Administration which are both unfavorable by $0.6M and Financing Costs unfavorable $0.3M.

Mr. Hicks concluded: Operating Revenues for the Admin Fund and Administrative Reimbursements are favorable $0.6M and $1M respectively. Investment Income is up $1M and Ongoing Fees up $0.4M offset by Origination Fees down $0.8M. Trust Fund Program is $1.2M and the HOME Program is up $0.6M offset by the wind down in the Hardest Hit Fund which is down $1.0M versus prior year. Operating Expenses for the Admin Fund are $1.1M unfavorable to prior year while the Expenses for the Governmental Funds are unfavorable to prior year by $0.8M. Key Drivers for the Admin Fund are Office Administration $0.8M (Office Moves and Construction), Financing Costs $0.3M (Issuance of Bonds), Salaries & Benefits $0.2M. Key drivers for the Government Fund are Salaries and Benefits $0.2M, Financing Cost $0.2M, and Office Administration $0.4 offset by Technology Management favorable $0.2M.

Discussion: Multifamily Update.

Ms. Moran stated: This past Monday was the due date for our 9% tax credit applications. We received 42 applications which is about a 25% reduction in the number of applications we typically receive.

We are continuing to work through the applications and plan is to bring them to the Board in July. Our construction projects are moving along well, we have 40 properties with limited delays on the construction side, but we have suspended our inspections on in-place rehabs but are doing different workarounds with processing draws by having people send in pictures holding zoom meetings. We are trying to be productive despite our inability to go out to the sites. We've also had many deals close over the past few weeks. We are reviewing our underwriting criteria as we look to originate new business.

Discussion: Homeownership Mortgage Program Update.

Ms. Pavlik stated: Reservations for February 2020 were at 460 first mortgage loans or $68.42 million, 286 or $43.53 million for GNMA and 174 or $24.89 million for Conventional. Prior year reservation comparisons for the month of February were at $43.57 million, $26.84 million for GNMA and $16.73 million for Conventional. Additionally, reservations for March 2020 were at 723 first mortgage loans or $110.21 million, 425 or $65.32 million for GNMA and 298 or $44.89 million for Conventional. Prior year reservation comparisons for the month of March were at $55.97 million, $34.62 million for GNMA and $21.35 million for Conventional.

Ms. Pavlik continued: For March 2020, IHDA Mortgage Statistics consisted of 723 Access Mortgage Loans accounting for 100% or $110.21 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%. Geographical percentages were 11% for the Central, 66% for Chicago, 14% for the Northwest, and 7% for the Southern regions respectively.

Ms. Pavlik concluded: There are 1,708 loans in the pipeline at a total of $247.61 million. Timing from reservation to approved for purchase is 49 days average, 55 days average from reservation to purchase.

NEW BUSINESS

Resolution Authorizing Additional Funding for Access 4% Down Payment Assistance Program.

Ms. Pavlik stated: The 4% Down Payment Assistance Program provides 4% of the purchase price (up to $6,000) for down payment or closing cost assistance statewide. This is a forgivable 2nd mortgage on a pro rata monthly basis over 10 years. To qualify, borrowers must be within IHDA's guidelines. The initial allocation from December 2017 of $20 million from IHDA Administrative Funds is expected to show a shortage by May 2020. We are asking to allocate and additional $8 million from the Authority's Administrative Fund to extend the program to Q2 2021.

Resolution Ratifying Permitted Financial Activities.

Mr. Nestlehut stated: This is a recap of the financial activities we've had during the quarter ending March 31, 2020. Our book value was $1.569 billion. Purchases were $703 million, sales were $100 million, and maturities were $535 million. Return on investments for this quarter were above the weighted average Treasury curve. We had one new Revenue Bond Issuance of $125 million. Payouts and draws for the quarter were at $19 million and bond debt service was $43 million over the course of the quarter. We had two interest rate caps, three swaps, and $217 million in hedges outstanding.

Resolution Authorizing the Extension of Investment Banker Contracts.

Mr. Nestlehut continued: We have investment banker contracts that all end at the in July. We have a new RFP in process but have extended the current contracts through the end of October with the same terms and conditions.

Resolution Amending Various Funding Loan Agreements.

Mr. Nestlehut continued: There are nine previous funding loan agreements executed with Citibank. These are conduit transactions which have strict terms on who Citibank can sell these to considering these are unrated transactions. Citibank wishes to change some of the definitions under those agreements. Working with issuers counsel we made certain everything was in accordance with these documents and are in the process of amending them to allow Citibank to securitize sell portions of their portfolio which will help them clear their balance sheets and redeploy capital for new transactions.

Resolution of Intent Concerning the Issuance of Revenue Obligations under Single Family and Multifamily Bond Programs (Home Rule Pool) in an Aggregate Principal Amount not to Exceed $600,000,000.00.

Resolution of Intent Concerning the Issuance of Revenue Obligations under Single Family and Multifamily Bond Programs (Non-Home Rule Pool) in an Aggregate Principal Amount not to Exceed $225,000,000.00.

Mr. Nestlehut stated: The next two resolutions are for the intent concerning the issuance of revenue obligations under single family and multifamily bond programs not to exceed $600 million for the Home Rule and $225 million for the Non-Home Rule. The Authority is authorized to issue private activity bonds for both single family and multifamily housing which is commonly referred to as volume cap. After June 1st and July 15th for home rule and non-home rule respectively, we can apply for any unused volume cap which was originally allocated for the calendar year.

Resolution Authorizing the Issuance of Multifamily Housing Revenue Bonds Series 2020 (Park Tower).

Mr. Ess stated: Park Tower was initially approved at the February 2020 Board meeting and the structure has not changed. Multifamily Housing Revenue Bonds, Series 2020 (Park Tower) were issued to finance the acquisition and rehabilitation of Park Tower containing 134 units located in Joliet. The Bonds will be collateralized by cash proceeds of an FHA-insured loan pursuant to the 223(f) insurance program. This is conduit financing; publicly offered, fixed rate, short-term tax-exempt bonds expected to have a AAA rating by Moody's. These are limited obligation with no credit risk to the Authority (no IHDA G.O.). We are asking for a change to also allow private placement to allow better pricing and are asking for a dual path approach. This will allow for the lowest interest rate possible.

Mr. Hubbard adjourned the meeting at 10:54 a.m.