The meeting of the Finance Committee of the Illinois Housing Development Authority took place virtually via Zoom on Friday, June 19, 2020 at 10:00 a.m. Attending the meeting were Finance Committee Chair Mr. Darrell R. Hubbard, Mr. King Harris, Ms. Karen Davis, 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 May 15, 2020 Finance Committee Meeting minutes as presented.

**ONGOING ACTIVITIES**

*Discussion: Monthly Interim Financial Statements.*

Mr. Hicks stated: Operating Revenues for YTD are $46.9M which is $5.6M favorable to budget and Administrative Reimbursements YTD are $14.5M which is $1.1M favorable to budget. Key drivers for the favorability in Operating Revenues is Investment Income of $6.2M offset by lower Origination Fees down $1.1M.

Mr. Hicks continued: Operating Expenses for the Admin Fund YTD are $39.9M which is $9.2M favorable to budget while the Operating Expenses for the Government Funds YTD are $14.5M which is $0.9M unfavorable to budget. For the Admin Fund the key drivers for being favorable to budget are driven for Salaries and Benefits $4.5M, Professional Fees $3.0M, and Training and Public Relations favorable $0.6M. For the Government Funds the key drivers are Salaries and Benefits which is favorable $1.1M offset by unfavorable Professional Fees $0.6M, Office Administration $0.7M, and Financing Costs unfavorable $0.5M.

Mr. Hicks continued: Operating Revenues for the Admin Fund and Administrative Reimbursements are favorable to prior year $1.3M and $0.8M respectively. For Operating Revenues; Investment Income is up $2.8M, Ongoing Fees is up $0.1M offset by Origination Fees which is down $1.6M. For Administrative Reimbursements, the Trust Fund Program is up $1.5M and the HOME Program is up $0.9M offset by the Hardest Hit Fund which is down $1.7M versus prior year.

Mr. Hicks concluded: Operating Expenses for the Admin Fund are $1.5 M favorable to prior year while the Expenses for the Governmental Funds unfavorable to prior year by $0.3M. Key drivers for the Admin Fund are Office Administration $0.6M unfavorable (Office Moves and Construction) and Training and PR unfavorable $0.1M offset by favorability in Financing Costs $0.4M (Issuance of Bonds) and Salaries & Benefits $0.7M. Key drivers for the Government Fund are Financing Cost unfavorable $0.2M and Salary & Benefits unfavorable $0.6 offset by Technology Management $0.1M and Professional Fees both favorable $0.5M.
Discussion: Multifamily Update.

Ms. Moran stated: Multifamily is in the middle of the 9% low income housing tax credit rounds. We are going to loan committee with our recommendations after reviewing 42 applications and they will be ready for Board approval in July. We also issued the permanent supportive housing application after the May Board meeting and preliminary project assessments are due in August. We will take applications in October and hope to bring those for your approval in January 2021. We are continuing to work with the City of Chicago to have them cede some of their volume cap to us for multifamily production and single family production. We’re hoping to get $144 million for multifamily and $27 million for single family. We will use that to fund down payment assistance on the single family side and fund some of our larger City of Chicago projects on the multifamily side.

Discussion: Homeownership Mortgage Program Update.

Ms. Pavlik stated: Reservations for May 2020 were at 793 first mortgage loans or $120.71 million, 516 or $80.36 million for GNMA and 277 or $40.35 million for Conventional. Prior year reservation comparisons for the month of April were at $83.73 million, $50.95 million for GNMA and $32.78 million for Conventional.

Ms. Pavlik continued: For April 2020, IHDA Mortgage Statistics consisted of 793 Access Mortgage Loans accounting for 100% or $20.71 million. Within the Access Mortgage Program usage is as follows: 4% Forgivable accounted for 78%, 5% Deferred accounted for 13%, and 10% Repayable accounted for 9%. Geographical percentages were 17% for the Central, 58% for Chicago, 17% for the Northwest, and 8% for the Southern regions respectively.

Ms. Pavlik concluded: There are 2,218 loans in the pipeline at a total of $335.18 million. Timing from reservation to approved for purchase is 48 days average, 55 days average from reservation to purchase.

A request was made to include race information in future homeownership reporting.

NEW BUSINESS

Resolution Amending Exhibit B to the Financial Management Policy.

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 name on our authorized counterparty list.

Resolution Authorizing Amendment of Standby Bond Purchase Agreement Homeowner Mortgage Revenue Bonds, 2004 Subseries C-3.

Mr. Nestlehut stated: This resolution is to extend the following Standby Bond Purchase Agreement (“SBPA”) with the Federal Home Loan Bank of Chicago for an additional five (5) years from the
previous contract(s) expiration date. The related Series of Bonds ("Bonds") is: Homeowner Mortgage Revenue Bonds Series 2004C-3.

Mr. Nestlehut continued: These Bonds are Variable Rate Debt Obligations ("VRDO") which are remarketed on a weekly basis. The SBPA’s provide a liquidity backstop for the bonds, safeguarding against a failed bond remarketing, or liquidity risk. In the event the VRDOs cannot be remarketed, the Federal Home Loan Bank of Chicago will purchase these obligations as outlined under these agreement(s).

Resolution Authorizing the Issuance of Multifamily Housing Revenue Bonds, Series 2020 (Northpoint).

Mr. Ess stated: IHDA will issue the Series 2020 Bonds to finance the acquisition and rehabilitation of Northpoint Apartments (the “Project”), containing 304 units located in Chicago. Series 2020 Bonds will be 100% collateralized by the proceeds of a loan from Wells Fargo Bank (i.e., the Fannie Mae lender) held by the Bond Trustee. The loan from Wells Fargo Bank is secured by a mortgage on the Project. This is conduit financing – public offering, fixed rate, short-term tax-exempt bonds with limited obligation - no credit risk to the Authority (No IHDA G.O.)

Mr. Ess continued: This request Issuance of Multifamily Housing Revenue Bonds, Series 2020 (Northpoint) in aggregate not to exceed $50,000,000. Final maturity no later than December 31, 2023, bond interest rate not to exceed 6% p.a. The projected schedule of events and list of transaction participants was also shared.

Resolution Authorizing the Issuance of Multifamily Housing Revenue Note (Universal City), Series 2020.

Mr. Ess stated: IHDA will issue the Series 2020 notes to finance the acquisition and rehabilitation of Universal City, containing 160 units located in Chicago. Series 2020 notes will be collateralized by cash proceeds of an FHA-insured loan pursuant to the 221(d)(4) insurance program. These are conduit financing – private placement, fixed rate, short-term tax-exempt notes and are limited obligation - no credit risk to the Authority (No IHDA G.O.)

Mr. Ess continued: Issuance of Multifamily Housing Revenue Note (Universal City), Series 2020 in aggregate not to exceed $21,000,000. Final maturity no later than July 1, 2023, note interest rate not to exceed 8% p.a. The projected schedule of events and list of transaction participants was also shared.

Resolution Authorizing the Issuance of Multifamily Housing Revenue Note, Series 2020 A & B (Major Jenkins) and Multifamily Revenue Bonds.

Mr. Ess stated: This Resolution authorizes the Authority to issue the notes pursuant to one of two structures. The first structure involves a construction to permanent loan financing under the Authority’s HUD Risk Share Program. If at the time of determination of the final interest rates on the notes, market conditions do not allow for an economically feasible issuance of the notes pursuant to the Risk Share Loan Program Structure, this Resolution authorizes the notes to be issued directly to Citibank, N.A., or an affiliate thereof pursuant to Citibank’s construction to permanent loan structure.

Mr. Ess continued: Regarding the Construction Phase; IHDA will issue two series (Series 2020 A and B) notes to finance the acquisition and rehabilitation of Major Jenkins, containing 156 units located