ILLINOIS HOUSING DEVELOPMENT AUTHORITY

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FINANCE COMMITTEE MEETING MINUTES
Friday, June 17, 2022

The hybrid meeting of the Finance Committee of the Illinois Housing Development Authority took place virtually via Zoom on Friday, June 17, 2022, at 10:00 a.m. Attending the meeting were Finance Committee Chair, Mr. Sam Tornatore, Mr. King Harris, Ms. Luz Ramirez, Ms. Sonia Berg, Mr. Tom Morsch, and Mr. Tommy Arbuckle. Attending the meeting from IHDA were Ms. Kristin Faust, Mr. Ed Gin, Mr. Lawrence Grisham, Ms. Karen Davis, Ms. Christina Lopez, Mr. Tim Hicks, Mr. Muhammad Jalaluddin, Ms. Christine Moran, Mr. Aleem Mohammad, Ms. Tara Pavlik, Ms. Tracy Grimm, Mr. Andrew Nestlehut, Mr. Jack Wambach, Mr. Javier Gumucio, Mr. Richard Ess, Ms. Tracy Sanchez, Mr. Nick Carney, Mr. Jack Pettinger, Ms. Claudia Montoya, Ms. Cheramie Hibbler, Mr. Benjamin Medina, Mr. Dorian Thurmond, and Ms. Sheri Geishecker.

I.A. Mr. Tornatore called the meeting to order at 10:06 a.m.

I.B. Mr. Tornatore called a motion for the approval of the May 27, 2022, minutes to be approved as presented. Motion carried.

II.A. Presentation of Monthly Interim Financial Statements

Mr. Hicks stated: Operating Revenues for YTD are $69.7M which is $26.0M favorable to budget and Administrative Reimbursements YTD are $39.8M. Key Drivers for the favorability in Operating Revenues is Investment Income $9.0M, Ongoing Fees $10.1M, and Origination Fees $6.3M.

Mr. Hicks continued: Operating Expenses for the Admin Fund YTD are $77.0M which is $2.4M favorable to budget while the Operating Expenses for the Government Funds YTD are $40.0M which is $1.5M favorable to budget. For the Admin Fund the Key Drivers are Salaries & Benefits of $2.9M favorable and Professional Fees $5.8M offset by Other Expense which is driven by Temporary Help $9.5M unfavorable.

Mr. Hicks continued: Operating Revenues for the Admin Fund are unfavorable $0.5M and Administrative Reimbursements are favorable to prior year $13.4M. For Operating Revenues, key driver is Investment Income which is unfavorable $14.6M.

Mr. Hicks concluded: Operating Expenses for the Admin Fund are $36.9M unfavorable to prior year while the Expenses for the Governmental Funds are unfavorable to prior year by $13.7M. Key Drivers for both Admin Fund and Governmental Funds are Salaries and Benefits and Professional Fees related to expenditures related to the new COVID-19 Programs.

II.B. Multifamily Update

Ms. Moran stated: After the lengthy May agenda, June is more manageable with eleven projects. In July we will provide a full update on multifamily for the first six months of 2022. The Housing for Justice Involved recommendations will be presented at the July Board meeting. We've received 35 applications originating from the City of Chicago, Chicago Metro area, and Central Illinois. Other department updates include Technical Assistance sessions are continuing for the sponsors that did not receive a 9% LIHTC award. Permanent Supportive Housing RFA on track for late summer release. The multifamily quarterly update will be presented at the July Finance Committee Meeting.

II.C. Single Family/Homeownership Update

Ms. Pavlik stated: Reservations for May 2022 were at 471 first mortgage loans or $75.93 million, 259 or $43.17 million for GNMA and 212 or $32.76 million for Conventional. Prior year reservation comparisons for the month of May were at $180.83 million, $63.76 million for GNMA and $117.07 million for Conventional.

Ms. Pavlik continued: For May 2022, IHDA Mortgage Program Statistics were as follows: Access 4% (forgivable program) accounted for 63.0% or $45.00 million, Access 5% (deferred program) accounted for 12.0% or $9.93 million, and Access 10% (repayable program) accounted for 25.0% or $21.00 million. Geographical percentages were 22% for the Central region, 55% for Chicago, 14% for the Northwest, and 9% for the Southern regions, respectively. There are 1,531 loans in the pipeline at a total of $247.90 million. Timing from reservation to approved for purchase is 45 days average, 49 days average from reservation to purchase.

Ms. Pavlik concluded: IHDA Demographic Analysis compared to State of IL year-to-date race comparisons with the percentage of all applications is as follows: American Indian/Alaskan Native – 0.5% to 0.6% with .35% success rate, Asian/Pacific Islander – 1.1% to 5.9% with 6.29% success rate, Black – 19.9% to 14.6% with 5.05% success rate, Hawaiian/Other Pacific Islander – 0.0% to 0.1% with 0.07% success rate, White – 64.4% to 76.8% with 75.75% success rate, Two or More Races – 1.3% to 2.1%, Information not Provided/Unknown – 12.9% to N/A. Ethnicity comparison for Hispanic or Latino is 21.6% for IHDA compared to 17.5% for State of Illinois with 9.19% success rate.

III.A.1. Resolution Regarding Additional Funding of the Authority's Access 4% Down Payment Assistance Program

Mr. Nestlehut stated: IHDA's Access 4% program provides homeowners with 4% of the purchase price, up to $6,000, as a forgivable grant. Historically these funds come from reinvested earnings and/or bond fund wealth, another allowable source is the premium generated on the sale of debt issued by the Authority. Previously IHDA used this premium for other purposes, but at this time is requesting the total premium generated from the sale of both Revenue Bonds 2022AB and 2022CD, an amount of $3,594,761.30, be allocated to the DPA program. This is a stand-alone request, further requests for the DPA programs will be evaluated and presented later.

III.A.2. Resolution Regarding Support for the Revenue Bonds Indenture

Mr. Nestlehut stated: When the Authority issues bonds to finance mortgage-backed securities, we begin purchasing those securities with the Administrative Fund. Those MBSs are intended to go into the bonds until the bond is issued. As with any of the bond issuances, there is market insecurity, so the Finance department hedges the loans to mitigate interest rate risk. While this investment income is generally seen as administrative income, there is a mismatch of actual receipts/payments, therefore the administrative fund benefitted. We are requesting authorization to transfer approximately $9.5 million of net monies earned as pair off costs to the Indenture.

III.B.1. Resolution Authorizing the Issuance of Multifamily Housing Revenue Bonds Series 2022A and Multifamily Housing Subordinate Revenue Bonds Series 2022B (Anchor Senior Living)

Mr. Ess stated: This request is for the rehabilitation of 228 elderly and 18+ with a Physical Disability units at 325 South York Road, Bensenville, IL. IHDA will issue Multifamily Housing Revenue Bonds and Subordinate Revenue Bonds (Anchor Senior Living) to finance the acquisition and rehabilitation of the project. The Series 2022A Bonds will be publicly offered by Jefferies LLC and the Series 2022B Subordinate Bonds will be purchased directly by Embrace Living Development, an Illinois not-for-profit corporation, the seller of the Development. These are conduit financing – the Series 2022A Bonds will be tax-exempt, fixed rate and long-term., the Series 2022B Bonds will be privately placed and tax-exempt through conversion and will convert to taxable post conversion. Limited obligation - No IHDA G.O.

Mr. Ess concluded: Multifamily Finance is requesting authorization for the issuance of MHRB Series 2022A (Anchor Senior Living) in an amount not to exceed $16,000,000 with a final maturity no later than August 1, 2046, and an interest rate not to exceed (i) 8% or (ii) the maximum rate permitted under IL law. Multifamily Finance is also requesting authorization for the issuance of MHSRB Series 2022B (Anchor Senior Living) in an amount not to exceed $29,000,000 with a final maturity no later than August 1, 2066, and an interest rate not to exceed (i) 8% or (ii) the maximum rate permitted under IL law. A projected schedule and list of transaction participants was shared.

III.B.2. Resolution Authorizing the Issuance of Multifamily Housing Revenue Note Series 2022A and Multifamily Housing Senior Subordinate Revenue Bonds Series 2022B and Multifamily Housing Revenue Bonds Series 2022C (Oasis Senior Living)

Mr. Ess stated: This request is for the rehabilitation of 219 elderly units in three Chicago neighborhoods: Lincoln Park, Garfield Park, and Morgan Park, namely North Orchard Place, Greencastle of Morgan Park, Greencastle of Garfield I and Greencastle of Garfield II. IHDA will issue a IHDA will issue Series 2022A, Series 2022B, and Series

2022C (Oasis Senior Living) to finance the acquisition and rehabilitation of Oasis Senior Living. Series A will be placed directly with Merchants Capital Corp., or an affiliate thereof, Series B will be placed directly with Merchants Bank of Indiana, or an affiliate thereof, and Series C will be purchased directly by Embrace Living Development. These are conduit financing – Series 2022A will be tax-exempt, privately placed, and long term, Series 2022B is tax-exempt, privately placed, and short term, and Series 2022C will be privately placed and tax-exempt through conversion and will convert to taxable post conversion. These are limited obligation - No IHDA G.O.

Mr. Ess concluded: Multifamily Finance is requesting authorization for the issuance of MHRN Series 2022A (Oasis Senior Living) in an amount not to exceed $18,400,000 with a final maturity no later than August 1, 2043, and an interest rate not to exceed (i) 8% or (ii) the maximum rate permitted under IL law. Multifamily Finance is also requesting authorization for the issuance of MHSSRB Series 2022B (Oasis Senior Living) in an amount not to exceed $28,600,000 with a final maturity no later than August 1, 2025, and an interest rate not to exceed (i) 12% or (ii) the maximum rate permitted under IL law. Multifamily Finance is additionally requesting authorization for the issuance of MHSRB Series 2022C (Oasis Senior Living) in an amount not to exceed $8,000,000 with a final maturity no later than August 1, 2064, and an interest rate not to exceed (i) 8% or (ii) the maximum rate permitted under IL law. A projected schedule and list of transaction participants was shared.

III.B.3. Resolution Authorizing the Issuance of Multifamily Housing Revenue Note Series 2022 (Jackson Manor)

Mr. Ess stated: This request is for the rehabilitation of 72 non-elderly units within six buildings in the East Garfield Park Neighborhood of Chicago. IHDA will issue Series 2022 (Jackson Manor) to finance the acquisition and rehabilitation of Jackson Manor. Series 2022 will be placed directly with Lument Capital, or an affiliate thereof. This is conduit financing – Series 2022 will be tax-exempt, privately placed, and long term, with limited obligation - No IHDA G.O.

Mr. Ess concluded: Multifamily finance is requesting approval for the Issuance of MHRN Series 2022 (Jackson Manor) in an amount not to exceed $12,780,000 with a final maturity no later than August 1, 2043, and an interest rate not to exceed (i) 8% per annum or (ii) the maximum rate permitted under IL law. A projected schedule and list of transaction participants was shared.

IV. Mr. Tornatore adjourned the meeting at 10:26 a.m.