



**ILLINOIS HOUSING DEVELOPMENT AUTHORITY
FINANCE COMMITTEE MEETING MINUTES
Friday, August 19, 2022**

The hybrid meeting of the Finance Committee of the Illinois Housing Development Authority took place virtually via Zoom on Friday, August 19, 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. Maureen Ohle, Mr. Keith Evans, Ms. Christine Moran, Ms. Tara Pavlik, Ms. Tracy Grimm, Mr. Tim Hicks, Mr. Andrew Nestlehut, Mr. Richard Ess, Mr. Keith Pryor, Ms. Tracy Sanchez, Ms. Myriam Weaver, Ms. Jennifer Miller, Mr. Aleem Mohammad, Ms. Claudia Montoya, Ms. Katherine Matkom, Mr. Jack Pettinger, Ms. Cheramie Hibbler, Mr. Benjamin Medina, Mr. Tushar Patel, Mr. Dorian Thurmond, and Ms. Sheri Geishecker.

I.A. Mr. Tornatore called the meeting to order at 10:01 a.m.

I.B. Mr. Tornatore called a motion for the approval of the July 15, 2022, minutes to be approved as presented. Motion carried.

II.A. Multifamily Update

Ms. Moran stated: We have five items on the main agenda this morning. IHDA will be providing first position financing on two transactions, Hill Arboretum and Autumn Ridge. We are kicking off the beginning of the new fiscal year with over \$18 million in first mortgage loan originations. July and August have been very active on the closing fronts, we had 10 transactions close and start construction on over 750 units. Compared to the summer of 2021, we have quadrupled the number of closings. This is in part to the COVID Affordable Housing Grant Funds which provided the necessary funds to fill housing gaps. We also released the ninth Permanent Supporting Housing requests for applications on August 11.

Ms. Moran concluded: We've been actively engaging with the Illinois Housing Council and the development community including vendors and syndicators regarding costs and challenges we are all facing. During the third and fourth quarter we will focus on doing a deep dive into our architecture and infrastructure standards to identify areas of improvement. We plan to provide you with a construction update over the next 60 days.

II.B. Single Family/Homeownership Update

Ms. Pavlik stated: Reservations for July 2022 were at 400 first mortgage loans or \$64.37 million, 207 or \$34.49 million for GNMA and 193 or \$29.88 million for Conventional. Prior year reservation comparisons for the month of July were at \$107.44 million, \$61.60 million for GNMA and \$45.84 million for Conventional.

Ms. Pavlik continued: For July 2022, IHDA Mortgage Program Statistics were as follows: Access 4% (forgivable program) accounted for 60.0% or \$37.49 million, Access 5% (deferred program) accounted for 13.0% or \$8.82 million, and Access 10% (repayable program) accounted for 27.0% or \$18.06 million. Geographical percentages were 22% for the Central region, 55% for Chicago, 16% for the Northwest, and 7% for the Southern regions, respectively. There are 1,323 loans in the pipeline at a total of \$212.35 million. Timing from reservation to approved for purchase is 47 days average, 50 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 – 1.2% to 5.9% with 6.29% success rate, Black – 19.7% to 14.6% with 5.05% success rate, Hawaiian/Other Pacific Islander – 0.03% to 0.1% with 0.07% success rate, White – 64.4% to 76.8% with 75.75% success rate, Two or More Races – 1.2% to 2.0%, Information not Provided/Unknown – 13.0% to N/A. Ethnicity comparison for Hispanic or Latino is 21.2% for IHDA compared to 17.5% for State of Illinois with 9.19% success rate.

III.A.1. Resolution Ratifying Establishment of Loan Loss Reserve

Mr. Hicks stated: We are seeking the approval of the Quarterly Resolution Ratifying Establishment of Loan Loss Reserve for June 30, 2022. The Loan Loss Reserve has increased from the March 31st Balance by \$8.7 Million to \$118.4 Million. The increase was primarily in the Administration Fund (\$1M), National Housing Trust (\$1.1M), HOME (\$1.2M), Build Illinois Bond Fund (\$811K), and an increase in Illinois Affordable Housing Trust (4.7M). This was offset by (\$487K) decrease in the Housing Bonds.

III.A.2. Resolution Amending Designations of a Portion of Administrative Fund Net Assets for Various Programs and Expenditures

Mr. Hicks stated: Mr. Hicks stated: Annually in the audited financials, the Authority designates a portion of the net assets in the administrative fund for programs and initiatives in the Authority, which are in support of current and future business initiatives. This resolution amending the designations of the Administrative Fund Net Assets along with the itemized Schedule A will be presented to the Board today. The schedule of items represents tentative plans for the next year or future periods. Such plans are subject to change from original authorizations and may never result in expenditures.

III.A.3. Resolution Authorizing the Issuance of Revenue Bonds 2022 Series E & F

Mr. Nestlehut stated: The 2022 Series E and F Bonds is a tax-exempt new money bond (“Offered Bonds”). The 2022 Series E Bonds include tax-exempt, fixed rate bonds and the Series F Bonds consist of tax-exempt variable rate bonds. Offered Bonds are special limited obligations of the Authority. The collateral supporting both series E and F are single family mortgage-backed securities. Offered Bonds will be issued on a parity basis with all previously issued Bonds in Revenue Bonds indenture. The purpose of the Offered Bonds is for new money to redeploy capital for future originations and to lock in long term spread for the Authority. The Offered Bonds are anticipated to use previously created subsidy for use of the Authority.

Mr. Nestlehut continued: The bonds will be structured as follows: 2022 Series E Bonds are fixed rate debt, new money issuance, AAA rated securities to strengthen the credit of the indenture. The Planned Amortization Class (“PAC”) Bond. 2022 Series F Bonds are variable rate debt, new money issuance, AAA rated securities to strengthen the credit of the indenture. This is a Swap agreement that will hedge against interest rate risk and lower cost of funds.

Mr. Nestlehut concluded: We are requesting authorization for the issuance of Revenue Bonds, 2022 Series E, and F not to exceed \$175,000,000 in aggregate principal amount, with a final maturity for any 2022 Series Bonds no later than 35 years after the issuance of the bonds with bond interest rate on any fixed rate series bonds to not exceed 6% per annum and bond interest rate on any variable rate series bonds to not exceed 12% per annum. A projected schedule and list of transaction participants was shared.

III.B.1. Multifamily Revenue Bonds 2022 Series D & E (Non-AMT) (Autumn Ridge)

Mr. Nestlehut stated: This request is for the rehabilitation of 210 non-elderly units located at 326 South President Street, Carol Stream, IL. IHDA will issue Multifamily Revenue Bonds, Series 2022 D & E (Autumn Ridge) to finance the rehabilitation of the Autumn Ridge Apartments project. The Bonds will be tax-exempt, publicly offered, short and long term with variable and fixed rate components. The Authority will enter into a fixed rate swap in conjunction with the issuance of the variable rate debt. Offered Bonds are Special Limited Obligations of the Authority. Collateral supporting series D and E will be a combination of real estate and cash collateral. Offered Bonds will be issued on a parity basis with other parity bonds within the Indenture. The permanent financing will be a Risk-Sharing loan which will be fixed rate, tax-exempt, and have a 40-year maturity.

Mr. Nestlehut concluded: This request is for the Issuance of MFRB, 2022 Series D & E (Non-AMT) in an amount not to exceed \$31,570,000 with a final maturity no later than forty-six years from the date of their original issuance and delivery (October 2068 if the transaction closes in October 2022). For fixed rate bonds - interest rate not to exceed 7%, variable rate bonds - interest rate not to exceed 12% (except with respect to Bonds purchased with funds provided by a liquidity provider, which may bear a higher interest rate), and the initial interest rate mode (i.e., weekly, daily, etc.). A projected schedule and list of transaction participants was shared.

III.B.2. Inducement Resolution Multifamily Housing Revenue Bonds Series 2022 (Victory Centre SLF)

Mr. Nestlehut stated: This request is for the rehabilitation of 186 elderly (62+) units located at 101 Main Street in Park Forest, IL and 1370 Ring Road in Calumet City, IL. River Oaks & Park Forest SLF LIHTC LLC (the “Borrower”) has made a request to the Authority to provide a Conduit Bond Inducement Resolution for Multifamily Housing Revenue Bonds in an amount not to exceed \$34,000,000 (the “Bonds”) to finance the acquisition and rehabilitation of the project located in Park Forest and Calumet City Illinois.

Mr. Nestlehut continued: Adoption of this resolution will express the Authority’s

“official intent” for Federal tax purposes to issue the Bonds (i) under terms and conditions satisfactory to the Authority and consistent with applicable law, and (ii) subject to the Authority’s adoption of a final bond resolution.

Mr. Nestlehut concluded: The proposed financing structure is as follows: Tax-Exempt Conduit Loan Series 2022 in a not to exceed amount of \$34,000,000, with a 17-year balloon maturity date from initial closing with 40-year amortization and a construction period of 24-months. The investor is Systima Affordable Housing Opportunities Funds III LLP. A projected schedule and list of transaction participants was shared.

III.B.3. Resolution Authorizing the Issuance of Multifamily Housing Revenue Bonds Series 2022 (Ogden Commons)

Mr. Ess stated: This request is for the new construction of 92 non-elderly units at 1325 South Washtenaw Avenue in the Lawndale Neighborhood of Chicago, IL. IHDA will issue Multifamily Housing Revenue Bonds Series 2022 (Ogden Commons) to finance the acquisition and construction of the project. The Bonds will be publicly offered by KeyBanc Capital Markets. They are conduit financing – the Series 2022 Bonds will be tax-exempt, fixed rate and long-term and are limited obligation - No IHDA G.O.

Mr. Ess concluded: This request is for the issuance of MHRB, Series 2022 (Ogden Commons) in an amount not to exceed \$19,522,000 with a final maturity no later than December 1, 2045, and an interest rate not to exceed 7% per annum. A projected schedule and list of transaction participants was shared.

IV. Mr. Tornatore adjourned the meeting at 10:19 a.m.