ILLINOIS HOUSING DEVELOPMENT AUTHORITY
FINANCE COMMITTEE MEETING MINUTES
Friday, March 15, 2024

The meeting of the Finance Committee of the Illinois Housing Development Authority took place on Friday, March 15, 2024, at 10:00 a.m. at 111 East Wacker Drive, Chicago, IL. Attending the meeting were Finance Committee Chair, Mr. Sam Tornatore, Mr. King Harris, Ms. Luz Ramirez, Ms. Sonia Berg, Mr. Daniel Hayes, Mr. Brice Hutchcraft, Mr. Tom Morsch, and Ms. Erika Poethig. Attending from IHDA's Executive team were Ms. Kristin Faust, Mr. Lawrence Grisham, Ms. Karen Davis, Ms. Maureen Ohle, and Mr. Keith Evans.

I.A. Mr. Tornatore called the meeting to order at 10:00 a.m.

I.B. Ms. Geishecker called the roll. Finance Committee Chair Tornatore, Ms. Berg, Chairman Harris, Mr. Hayes, Mr. Hutchcraft, Mr. Morsch, Ms. Poethig, and Vice Chair Ramirez were present.

I.C. Mr. Tornatore called a motion for the approval of the February 16, 2024, minutes to be approved as presented. Motion carried.

II.A. Presentation of Consolidated Interim Financial Statements

Mr. Jalaluddin stated: Operating Revenues YTD are $52.4M, a favorable deviation of $22.1M from the budget. This increase is primarily due to a rise in Origination Fees related to tax-exempt bond issuances and Investment Income, which has capitalized on favorable market dynamics throughout this fiscal year exceeding our projections. As we look towards the second half of the FY, we anticipate a shift towards a more balanced financial outlook, influenced by rising costs associated with hedge contract settlements. This favorability is also driven by an increase in the SF pipeline resulting in higher warehousing of mortgage-backed securities returns during the holding period. The Administrative Reimbursements were $39.1M, $6.3M favorable to budget, which I will get into further in the upcoming slide.

Mr. Jalaluddin continued: Operating Expenses YTD are $60.5M, which is $6.4M under budget. Favorability is attributed to underspending in Salaries and Benefits of $2.2M due to unfilled positions; Professional Fees of $5.5M driven by a combination of favorable spend on Contractual Services & Consultants Fees; and Financing Fees of $2.3M which is due to timing difference arising from our straight-line budgeting approach. However, this was partly offset by an increase in Office Administrative Expenses, primarily General & Administrative charges, and Temporary Employee expenses of $4.9M across various governmental programs.

Mr. Jalaluddin continued: Focusing solely on the Admin Fund, we observe favorable trends in both Operating Revenues and Expenses, reflective of the factors previously outlined. This fund analysis provides an isolated view of the Administrative Fund's financial performance, excluding reimbursements.

Mr. Jalaluddin continued: Shifting our attention to the Governmental Fund's Operating Revenues which is comprised of Administrative Reimbursements for incurred authority expenses, FYTD reimbursements reached $39.1M, favorable to budget by $6.3M. This is largely due to higher reimbursements from programs such as IAHTF, CBRAP2, and ASERAP reflecting increased time charged for various supportive housing efforts. This is balanced by a decrease in reimbursements for phasing out initiatives like the HAF or Homeowner assistance fund program.

Mr. Jalaluddin concluded: Operating Expenses for the Governmental Funds YTD are $39.2M, unfavorable to budget by $4.6M. This is primarily due to Temporary Employee Expenses of $5.1M and new positions added due to heightened activity in CBRAP2 and ASERAP programs. This unfavourability is also due to increases in Salaries and Benefits and Office Administrative Expense amounting to $1.7M and $931 thousand respectively, mainly from higher program hours in IAHTF (Illinois Affordable Housing Trust Fund) and various State funded Covid-19 programs. These additional expenses are mitigated by rise in reimbursements, effectively neutralizing the unfavorable expense variance. Additionally, this budget overage in Operating Expenses has been partly offset by favorable spend in Professional Fees of $2.6M.

II.B. Multifamily Update

Ms. Sanchez stated: We have four items on the main agenda for consideration today; Downtown Villas, the proposed development of 44 new construction family housing units in Jacksonville, IL; Taylor Place Apartments, the proposed new construction of a three story, 46 unit elevator building and a four unit walk-up townhome style building located in the city of McHenry, IL; Diamond Senior Apartments at Carroll Tower, the proposed rehabilitation of a six story, 108 unit senior development located in St. Charles, IL; and Walden Oaks, the proposed rehabilitation of a five building development totaling 191 units of family housing located in Woodstock, IL.

Ms. Sanchez concluded: Department updates – we received applications seeking approximately $165 million in connection with the Permanent Supportive Housing Funding Round X. We have approximately $75 million set aside for this year's PSH round. We are targeting awards at the April board meeting. IHDA's next highly competitive LIHTC round applications are due at the end of the month on March 29th. Next, we expect to release the HJIIP RFA Round 2 in Late April/Early May.

II.C. Single Family/Homeownership Update

Mr. Gumucio stated: Homeownership reservations for the month of February 2024 totaled just over $133 million in first mortgages, we had a variance decrease of 28% by loan count and 20% by loan volume compared to the same month in 2023.

Mr. Gumucio continued: The breakdown IHDA DPA offerings were as follows: Access 4%, our forgivable program, accounted for 33% of total volume, Access 5%, our deferred program, made up 37%, and Access 10%, our repayable program, made up the remaining 30%.

Chicagoland was the largest of the regions by loan count and volume, followed by Central, Northwest, and Southern. As of 2/29/24, our pipeline is just over $282M. The pipeline is the total number of loans in the reservation and loans purchased not yet pooled status. Average count is 56 days from reservation to purchase by our master servicer.

Mr. Gumucio continued: Regarding GNMA/conventional loan reservation history for the IHDA programs over the last 13 months, the green line on this chart represents our rates compared to the red line which represents the Freddie national 30-day average rate. Currently our rates are below the FHLMC offering rate for two reasons, first our rates are a blend of both government and conventional loan rates, not just conventional products we are benchmarking against in the graph. In addition, our deferred and repayable programs have been getting more appeal due to the higher DPA amounts. These programs have slightly lower mortgage rates, contributing to the lower interest rate value.

Mr. Gumucio continued: IHDA Demographic Analysis compared to State of IL year-to-date race comparisons through 2/29/24, those who identify as Black or African American households of IHDA's purchased loans was 17.5% compared to the state of IL's total population at 14.7%, while those who identify as Hispanic or Latino of IHDA's purchased loans was 27.6% compared to the State of IL total population at 18.3%. Homeownership is aware that the Black/African American race and Hispanic/Latino ethic categories rose this month and we are continuing our targeted outreach and marketing efforts for further improvements and evaluation.

Mr. Gumucio concluded: Here is a year-to-date comparison for years 2021-2024. As you can see, we are returning to a more traditional volume flow. For comparison, in February 2024 we only had a 5% increase in units compared to February of 2021, however yielded over $30 million dollars more in volume, this increase in volume is due to the purchase price increases we have seen in recent years.

III.A.1. Resolution Regarding Additional Funding of the Authority's Access 5% and Access 10% Down Payment Assistance Programs

Mr. Witt stated: The Finance Department is requesting the following funding for the Authority's Down Payment Assistance Programs. The request is as follows: 1) An aggregate $5,000,000 to continue funding of the Access 10% DPA program. This program provides homeowners with 10% of the purchase price, up to $10,000, in the form of a repayable second mortgage, and 2) We are requesting $7,500,000 from the Housing Bonds Indenture for the Access 5% DPA program. This provides homeowners with 5% of the purchase price, up to $7,500, in the form of a deferred obligation due on sale or maturity. This along with prior approved retainment from program and investment income will fund the program to approximately July of 2024.

III.A.2. Resolution Amending the Standby Bond Purchase Agreement, Revenue Bonds 2019 Series B

Mr. Witt stated: The request before you today is to amend the Standby Bond Purchase

Agreement ("SBPA") with the Federal Home Loan Bank of Chicago executed in connection with Revenue Bonds 2019 Series B to include language reflecting a five-year extension of the SBPA. The Bonds are Variable Rate Debt Obligations ("VRDO") which are remarketed on a weekly basis. The SBPA provides a liquidity backstop for the bonds, safeguarding against the 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 the SBPA.

III.B.1. Multifamily Housing Revenue Bonds Series 2024 (Diamond Senior at Carroll Tower)

Mr. Ess stated: This request is for the rehabilitation of 108 elderly (62+) units at 200 North Second Street in St. Charles, IL. IHDA will issue Multifamily Housing Revenue Bonds Series 2024 (Carroll Tower) to finance the acquisition and rehabilitation of the project. The Bonds will be privately placed with NewPoint + MORE Capital Affordable Fund LLC. This is Conduit financing, the Series 2024 Bonds will be tax-exempt, fixed rate, and long term. The Bonds are limited obligation - no IHDA G.O. The permanent financing will either be a NewPoint loan or an FHA 223(f) loan.

Mr. Ess concluded: Multifamily finance is requesting approval for the Issuance of Multifamily Housing Revenue Bonds, Series 2024 (Carroll Tower) in an amount not to exceed $29,000,000 with a final maturity no later than 45 years after the date of issuance of the bonds with an interest rate not to exceed 8% per annum. A projected schedule, and list of transaction participants was shared.

III.B.2. Multifamily Housing Revenue Bonds Series 2024 (Walden Oaks)

Mr. Ess stated: This request is for the rehabilitation of 191 elderly (62+) units at 1155 Walden Oaks Drive in Woodstock, IL. IHDA will issue Multifamily Housing Revenue Note Series 2024 (Walden Oaks) to finance the acquisition and rehabilitation of the project. The Notes will be publicly offered by Stifel, Nicolaus & Company, or an affiliate thereof. This is Conduit financing, the Series 2024 Bonds will be tax-exempt, fixed rate, and short-term. They are limited obligation - no IHDA G.O. The permanent financing will be a Merchants Capital FHA221(d)(4) loan that is fixed rate, taxable, and long term.

Mr. Ess concluded: Multifamily finance is requesting approval for the Issuance of Multifamily Housing Revenue Bond, Series 2024 (Walden Oaks) in an amount not to exceed $22,425,000 with a final maturity no later than 48 months after the date of bond issuance at an interest rate not to exceed 8.5% per annum. A projected schedule, and list of transaction participants was shared.

IV. Mr. Tornatore adjourned the meeting at 10:20 a.m.