ILLINOIS HOUSING DEVELOPMENT AUTHORITY

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**FINANCE COMMITTEE MEETING MINUTES**
**Friday, June 20, 2025**

The meeting of the Finance Committee of the Illinois Housing Development Authority took place on Friday, June 20, 2025, 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. Sonia Berg, Mr. Brice Hutchcraft, Mr. Tom Morsch, Mr. Daniel Hayes, and Ms. Luz Ramirez. Attending from IHDA's Executive team were Ms. Kristin Faust, Mr. Lawrence Grisham, Ms. Karen Davis, and Mr. Seth Runkle.

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

**I.B.** Ms. Davis-Marshall called the roll. Finance Committee Chair Tornatore, Ms. Berg, Chairman Harris, Mr. Hayes, Mr. Hutchcraft, Mr. Morsch, and Vice Chair Ramirez were present. Ms. Poethig, and Ms. Leopold were absent.

**I.C.** Mr. Tornatore called a motion for the approval of May 16, 2025 minutes, to be approved as presented. Motion carried.

**II.A. Presentation of Consolidated Interim Financial Statements**

Mr. Jalaluddin stated: We're examining fiscal YTD data from July 1, 2024 to May 31, 2025, covering 11 months of FY'25. Operating Revenues YTD are $54.5M, reflecting a favorable deviation of $5M over budget. The origination fees are $2.2M resulting in higher collection of federal 9% tax credit preservations and 4% determination fees. As well as ongoing fees of $2.9M due to higher bond administrative and federal tax credit module fees. The unfavorable interest in other income is due to reduction in asset and manager fee and admin charges to the bond indentures not to exceed $20M to $30M in the offset of the bond indentures. The administrative reimbursement is $27.9M under budget by $865,000, which I will cover in the upcoming slide.

Mr. Jalaluddin continued: Operating Expenses FYTD are $61.7M, which is $13M under budget. Favorability is attributed to salaries and benefits of $2.7M due to vacancies or open positions; Professional fees of $6.8M driven by a combination of favorable spending on Contractual Services & Consultants Fees; and Financing fees of $2.7M, due to transfer expense of bond indentures. These savings are partially offset by higher spending than the other G&A largely due to temporary staffing for the Illinois General Revenue Fund Program also known as Court-Based Rental assistance or CBRAP. However, the overage is offset on the governmental funds side to hiring reimbursements.

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 funds, excluding reimbursements. The unfavourability in salary and benefits that you see here is due to underbudget of the admin fund. The corresponding over budget in the governmental side. These variances net out, resulting in a neutral impact and consolidated loan.

Mr. Jalaluddin continued: Shifting our attention to the Governmental fund's operating revenues which consist of Administrative Reimbursements for incurred authority expenses, FYTD reimbursements reached $27.9M, behind budget by $865,000. We do expect expenses to take up to the final month of the FY to catch up on the billings of hours and year end accruals but unfavorability will remain for some of the programs due to lower activity and admin appropriations capped off for the FY for some programs. Conversely the Illinois Revenue General Fund or CBRAP program which is outperforming due to higher program activity. The variances also impacted by G&A as previously discussed, which is matched by increased reimbursement.

Mr. Jalaluddin concluded: Operating Expenses for the Governmental Funds FYTD are $28M, unfavorable to budget by $7.3M. This is primarily due to salary and benefits of $4.8M given back the offsetting allocation from the Admin fund and professional fees of $3M. Due to underspending the budgeting consulting services. Towards the end you can see FYTD to break even aligning with the cost recovery in the governmental fund.

Mr. Morsch commented that we have usually been ahead of budget in the area of interest and other income and asked if this was an outlier.

Mr. Runkle commented that interest and other income continued to perform quite well and the item being under-budget was related to our asset-under-management fee, which is effectively a transfer from bond indentures. The transfer was due to lower costs, which results in a lower transfer.

**II.B. Multifamily Update**

Mr. Bannon stated: We have seven items on the main agenda for consideration today. First is Congressman Collins, a proposed rehabilitation of 195 elderly units located in Chicago. All units are provided by Section 8 rental assistance. Lakeside Tower Apartments is a proposed rehabilitation of 150 non-elderly units located in Waukegan. All units are covered by Section 8 rental assistance. LeClaire Courts is a proposed new construction of 183 non-elderly units located in Chicago. Approximately 50% will be provided by Section 8 rental assistance. This project is a twin, LeClaire North with Section 8 rental assistance for 7 units. LeClaire South enters into Section 8 rental assistance for 3 units. Southbridge Phase 1C is proposing new construction of 80 non-elderly units located in Chicago. 29 units will be covered by project-based vouchers from the Chicago Housing Bureau. McKinley Project is a proposed new construction of 12 single family homes located in Peoria. San Miguel Apartments is the proposed rehabilitation of 71 non-elderly units located in Chicago. 14 units are covered by project-based vouchers from the Chicago Housing Authority. Finally, we are recommending approval of the 2025 9% Loan Composing Tax Credit Round. We received 38 applications and are recommending 16 awards. We expect to bring the awards to Board in July. The recommended awardees span the following geographic set asides. 2 in Chicago, 5 in Chicago Metro, 6 in other Metros, and 3 in non-Metro.

Mr. Bannon concluded: A few final updates – Additionally, the non-congregate shelter(s) funding round will be presented to Board at the July 25th meeting. The 2026 Qualified Allocation Plan which has been under public comment, is on the main agenda today and will be presented by the Strategic Planning and Reporting department.

**II.C. Single Family/Homeownership Update**

Ms. Pavlik stated: Homeownership reservations for the month of May 2025 totaled just over $132 million in first mortgages, we had a variance increase of 4% by loan count and 8% by loan volume compared to the same month in 2024.

Ms. Pavlik continued: The breakdown IHDA DPA offerings were as follows: Access 4%, our forgivable program, accounted for 19% of total volume, Access 5%, our deferred programs, made up 41%, and Access 10%, our repayable program, made up the remaining 40%. Chicagoland was the largest of the regions by loan count and volume, followed by Central, Northwest, and Southern. As of 5/31/25, our pipeline is just over $454M. The pipeline is the total number of loans in the reservation and loans purchased not yet pooled status. The average count is 57 days from reservation to purchase by our master servicer.

Ms. Pavlik 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 FHA benchmark rate from the FED of St Louis. This slide shows the conventional loan reservation history for the IHDA programs over the last 13 months. The green line represents our rates compared to the red line representing the national 30-day offer rate.

Ms. Pavlik continued: IHDA Demographic Analysis compared to State of IL year-to-date race comparisons through 5/31/25, those who identify as Black or African American households of IHDA's purchased loans was 14.9% compared to the state of IL's total population at 14.6%, while those who identify as Hispanic or Latino of IHDA's purchased loans was 28.6% compared to the State of IL total population at 19%.

Ms. Pavlik concluded: Here is a year-to-date comparison for years 2022-2025. The 2025 line is blue. As you can see, we are returning to a more traditional volume flow.

**III.A.1. Resolution Authorizing Revenue Bonds, 2025 Series DEFG**

Mr. Lindsey stated: Revenue Bonds Series 2025 DEFG comprises of both tax-exempt and taxable fixed and durable bond rates. The structure of the bonds includes the following: Series D tax-exempt fixed rate. Series E, taxable fixed rate. Series F taxable variable rate, and Series G, tax exempt variable rate bonds. The collateral for these bonds will be mortgage-backed securities and will be issued within the revenue bonds indenture. The purpose of the offered bonds is to redeploy capital for future single-family originations, refund previously issued series of revenue bonds, and lock in long term spread for the Authority. The variable rate of the Authority is expected to stay at approximately 13% which is below the 15% limit set by the financial management policy. The bonds in this series will have a final maturity no later than 35 years after issuance.

**III.A.2. Resolution Authorizing Acceptance of Ceded Volume Cap**

Mr. Lindsey stated: Pursuant to the Illinois Private Activity Bond Allocation Act, and guidelines and procedures of the office of the Governor of the state of Illinois, authorities who received home rule units' volume cap may reallocate to state agencies all or any unused allocation of such volume cap. The Authority has been working with both the City of Champaign and the City of Urbana and received the necessary approvals to re-allocate unused cap for the calendar year 2025 to the Authority, in the amount of $3,864,856. Total volume cap for the City of Urbana is $2,483,585. This ceded cap will be used to finance either Single Family or Multifamily Revenue Bonds during the required scope period. Can be used for anything permitted under the Illinois Private Activity Bond Allocation Act.

**III.A.3. Homeowner Mortgage Revenue Bond 2004 C3 SBPA Renewal w/FHLB**

Mr. Lindsey stated: This is an amendment to the Homeowner Mortgage Revenue Bond Series 2004 C3. This resolution is to amend the Standby Bond Purchase Agreement or SBPA with Federal Home Loan Bank of Chicago (FHLB) to include language reflecting a 5-year extension of the agreement. The bond is variable rate, debt obligations which are remarketed on a weekly basis. The SBPA provides liquidity backstop for the bonds safeguarding against the bond remarketing or liquidity risks. In the event the bonds are not remarketed FHLB will purchase these obligations as outlined in the agreement. All changes to legal terms, language, and pricing terms with extensions were completed in conjunction with review of internal and external counsel.

**III.B.1. Multifamily Revenue Bond 2025 Series A/B (Lakeside Tower)**

Mr. Ess stated: Next for consideration is Lakeside Tower. We should welcome the housing bonds in Lakeside Tower to finance the acquisition and rehabilitation of the property. This year's 2025A bonds will be taxed at a fixed rate and long-term. This is Conduit financing, this year's 2025 bonds will be taxed at a fixed rate and short-term. This is a limited obligation, no IHDA G.O. The resolution requests authorized issuance of Lakeside Towers Series 2025A will not exceed $22M with a final maturity no later than 30 years after the date of bond issuance, and the interest rate not to exceed 9% per annum. Series 2025B will not exceed $30M with a final maturity no later than 30 years after the date of bond issuance. Interest rate not to exceed 9% per annum, with the aggregated amount not to exceed $43,578,000.

**III.B.2. Multifamily Revenue Bond Series 2025 (Congressman Collins)**

Mr. Ess stated: Next for your consideration is Congressman Collins. IHDA will issue a Multifamily Housing Revenue, Bonds Series 2025 (Congressman Collins) to finance the acquisition and rehabilitation of the property. This is a Conduit financing for the Series 2025 (Congressman Collins) bonds will be tax-exempt at a fixed rate and short-term. This is a limited obligation with no IHDA G.O. The permanent financing will be an FHA 221(d)(4) loan which will be at a fixed rate, taxable, and long term. This resolution requests authorized Issuance of MHRB, Series 2025 (Congressman Collins), amount not to exceed $42,711,000, final maturity no later than 48 months after the date of bond issuance, final maturity no later than 48 months after the date of bond issuance and an interest rate not to exceed 8.50% per annum.

**III.B.3. Multifamily Revenue Bond Series 2025 (LeClaire A-North)**

Mr. Ess stated: IHDA will issue a Multifamily Revenue Bond Series 2025 (LeClaire A-North) to finance the acquisition and rehabilitation of the property. This is a Conduit financing for the Series 2025 (LeClaire A-North) bonds will be tax-exempt, at a fixed rate, and long term. There is limited obligation with no IHDA G.O. The permanent financing will be in the form of tax-exempt bonds purchased by Cedar Rapids Bank and Trust. This resolution requests to authorize the Issuance of MHRB 2025 (LeClaire A-North), amount not to exceed $49M, final maturity no later than December 1, 2075 after the date of bond issuance, interest rate not to exceed 15% per annum.

**III.B.4. Multifamily Housing Revenue Bond Series 2026 (Island Terrace)**

Ms. Moran provided a brief explanation of Island Terrace before Mr. Ess's presentation.

Ms. Moran stated: Before Mr. Ess presents the solution requesting additional taxes, I'd like to provide a brief background on Island Terrace. Island Terrace is the rehabilitation of a 22-story, 240-unit mixed income tower located in the Woodlawn neighborhood. The sponsor is Preservation of Affordable Housing also known as POAH, a non-profit developer owner and operator established in 2001. POAH specializes in the preservation of existing affordable housing that is at risk of being lost due to market pressure or physical deterioration.

Ms. Moran continues: They have more than 13,000 affordable units in 11 states and the District of Columbia. Island Terrace had an initial financial closing in the summer of 2023. They utilized a twinning structure to average both 9% and 4% low-income housing tax credits (LIHTC). Both IHDA and the City of Chicago are heavily invested in this important redevelopment.

Ms. Moran continues: Since the building is occupied, the initial face of the work was focused on site and ground floor work, utility system replacement, and procurement. In June 2024, unit renovations began when the units on the top two floors were temporarily relocated. Upon the relocation of the tenants and the removal of the asbestos containing floor tile, which was original with the building, significant cracking throughout the concrete slab floors were discovered. This was not something that would not have been known if the floor tile hadn't been removed. The cracking was the result of construction defects dating back to the building's original construction in 1969.

Ms. Moran concluded: POAH immediately had structural engineers and technicians onsite to help with the construction to evaluate the property and completed ground penetrating radar, GPR, and scanning of the slab floors and all column locations and the roof slab. The GPR showed improper placement of rebar rods not in the proper depths, compromising the strength of the slab. There are no life safety or structure concerns, but the repair work is needed to not only ensure the structural integrity of the building but also to comply with building code requirements. This unfortunate discovery has led to an increase in total development costs and has delayed the project by more than 18 months. The 9% portion of the transaction is substantially complete and the 4% portion is approximately 30% complete. Debt and equity have been deployed on both the 9% and 4% transactions. Everyone has been working together to try to bridge the gap and come up with additional resources. The City of Chicago is providing additional credits and is redirecting $3M in soft bonds from other POAH deals into Island Terrace. POAH is contributing approximately $9M in funds to balance sources and uses. Today's request is for IHDA to provide additional credits which will generate approximately $3.6M in equity and issue not to exceed $20M in tax-exempt bonds. Which will generate approximately $10M in equity. Representatives from POAH are here today, Bill Eager and Molly Eckert.

Mr. Eager from POAH addressed the board and thanked POAH and IHDA staff for the commitment to this deal.

Mr. Ess then continued: For the bond portion, Multifamily Housing Revenue Bonds, Series 2026, Island Terrace will remarket Multifamily Revenue Bonds, Series 2023 to finance the rehabilitation of the project. It is conduit financing, the Series 2026 bonds will be tax-exempt, fixed rate and short term. This is a limited obligation with no IHDA G.O. The permanent financing will be in the form of Merchants Bank 221 (d) (4) loan that will be fixed rate, taxable and long-term. The resolution request is to authorize issuance of MHRB, Series 2026 (Island Terrace) in the amount not to exceed $20M with a final maturity no later than 48 months after the date of issuance. The interest rate not to exceed 8.50% per annum. The remarketing portion of MHRB, Series 2023 will be an amount not to exceed $41,878,000 with a final maturity no later than August 1, 2028. I'll be happy to answer any questions you may have.

Mr. Runkle requested to add comments for the record and stated: Last month we went through the fiscal 2026 budget for IHDA and if you recall, I made some remarks about the state of the economy, funding issues, risks, and other related topics. Later that same day, the U.S. government lost its last AAA sovereign equity. This was anticipated as the U.S. government previously was put on watch, due primarily and almost entirely to the growing national debt load and the ability to manage interest payments in the future. Although this is still not anticipated to immediately impact IHDA's liquidity or ability to raise capital, it is a matter that should be taken seriously.

Mr. Runkle continued: Our homeowner revenue bonds, which are AAA rated, are backed by U.S. government securities. The potential here is for an increase in cost to raise capital in the future, not just for IHDA, but all HFA's and municipal issuers. While there are a variety of economic and other factors that could change this going forward, I think we can all agree that it is important for the U.S. government to pay close attention to this. With that, I'd like to say this is why it's important for IHDA to remain conservative, which we have always done, in terms of fiscal stewardship of the organization and the protection of our balance sheet.

Mr. Runkle concluded: We feel good and that we've done the right things to keep the balance sheet strong over 57 years and we'll continue to do so. It's times like these where there are potentially troubling macroeconomic issues that being cautious make a difference. I thought it was important to mention that to the Board.

**IV.** Mr. Tornatore adjourned the meeting at 10:39 a.m.