ILLINOIS HOUSING DEVELOPMENT AUTHORITY

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# FINANCE COMMITTEE MEETING MINUTES
## Friday, July 25, 2025

The meeting of the Finance Committee of the Illinois Housing Development Authority took place on Friday, July 25, 2025, at 10:00 a.m. at 111 East Wacker Drive, Chicago, IL. Attending the meeting were Finance Committee Chair, Mr. Sam Tornatore, Ms. Sonia Berg, Mr. King Harris, Mr. Daniel Hayes, Mr. Brice Hutchcraft, Ms. Claire Leopold, Mr. Tom Morsch, Ms. Erika Poethig, and Ms. Luz Ramirez. Attending from IHDA's Executive team were Ms. Kristin Faust, Mr. Lawrence Grisham, Ms. Karen Davis, Mr. Seth Runkle, Ms. Kathryn Finn, and Mr. Keith Evans.

**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, Ms. Leopold, Mr. Morsch, Ms. Poethig, and Vice Chair Ramirez were present. No committee members were absent.

**I.C.** Mr. Tornatore called a motion for the approval of June 20, 2025, minutes to be approved as presented. Motion carried.

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

Mr. Jalaluddin stated: We're examining June FYTD data covering all 12 months of FY25. Operating Revenues FYTD are $60.1M, reflecting a favorable deviation of $6.2M over budget, mainly from origination fees of $1.1M. This results from a higher collection of federal 9% tax credit reservation and 4% determination fees, as well as ongoing fees of $2.6M due to higher bond administration and federal tax credit monitoring fees. The favorability in interest and other income is driven by a sustained higher interest rate environment which has contributed to strong investment returns for the entire fiscal year. Asset Under Management fee of $15M with the offset in expenses of the bond indentures. The Administrative reimbursements were $30.3M, under budget of $1.1M, which will be covered in the upcoming slide.

Mr. Jalaluddin continued: Operating Expenses FYTD are $71.7M, which is $9.9M under budget. Favorability is attributed to Salaries and Benefits of $2.9M due to vacancies. Professional Fees of $4.3M were driven by a combination of favorable spend on Contractual Services & Consultants Fees. Financing costs of $2.2M are due to transfer of expenses to the bond indentures. These savings were partially offset by higher spending in other G&A, largely due to temporary staffing for CBRAP. However, this overage is offset by higher governmental reimbursements.

Mr. Jalaluddin continued: Focusing solely on the Administrative Fund, we observe favorability 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. The unfavourability in Salaries & Benefits that we see here is, as previously stated, due to under-budgeting in the administrative fund with a corresponding offset on the government fund. These variances net out, resulting in a neutral impact at the consolidated level.

Mr. Jalaluddin continued: The Governmental Fund's operating revenues, which reflect Administrative Reimbursements for Authority expenses incurred. Reimbursements totaled $30.3M, slightly under budget by $1.1M, which is due to favorable spending on the operating expenses. At the program level there was unfavourability where costs came in under budget due to lower program activity and/or timing of programs. For instance, RHSP received only 2 vs 3 rounds of funding budgeted for the FY period. Unfavourability for some COVID programs like ERAP, HAF, or SLFRF are due to scheduled closeout, so reimbursement will continue until the closeout. This unfavourability was partially offset by stronger performance in CBRAP, driven by higher program activity.

Mr. Jalaluddin continued: Operating Expenses for the Governmental Funds FYTD are $30.4M, favorable to budget by $8.1M. This is primarily due to Salaries and Benefits of $5.8M, driven by the offsetting allocation from the Administrative Fund and Professional Fees of $2.9M, due to the underspend of consulting resources. These savings were partly offset by overages in Other G&A ($2.7M), primarily due to program-related allocations for CBRAP. However, these were matched by increased reimbursements at the consolidated level.

Mr. Jalaluddin concluded: You can see for actuals at the end of the fiscal year as we are about break-even, reflecting the exceptional alignment between eligible expenses and recovery for the governmental fund.

**II.B. Multifamily Update**

Mr. Bannon stated: The Multifamily update will cover the 4th quarter of FY25. With the underwriting pipeline there are currently 71 projects. This is a decrease of 9 projects from Q3 primarily due to 12 project closings, 5 outpacing new applications, 2 deals withdrew, 12 deals closed, and 5 deals are new. For units created and preserved over the past seven quarters, in FY25, 59 Multifamily transactions closed, representing 3,351 affordable units. There were 6 additional closings compared to the same period in fiscal year 2024. IHDA's field reps are currently monitoring 58 projects totaling 3,523 units in 21 counties across the state. In Q4 2025, 4 projects were completed and moved into the lease-up phase.

Mr. Bannon continued: Turning to multifamily loan originations over the last four fiscal years. The high volume shown in fiscal year 2022 was due to a windfall of projects reaching initial financial closing after covid related construction delays and projects benefiting from the low-interest rate environment. In contrast, elevated interest rates and constrained soft funding in recent years have contributed to a return to more typical production levels, in the range of $50–60 million.

Mr. Bannon stated: In terms of tax-exempt bond issuance, IHDA issued a record $576 million in tax exempt bonds in FY24. FY25 totaled $230 million, a decline from earlier forecasts due to project delays which pushed closings to Q1 2026. Though not shown, the 1st quarter projection for PAB is approximately $100 million.

Mr. Bannon continued: We have 8 items on the main agenda for consideration today, which include 4 Non-Congregate Shelter awardees. The first is 2025 Habitat Chicago Builds. The project is a proposed new construction of 7 single-family homes located in the West Pullman and Austin community areas of Chicago. The next project is South Boulevard Shores which is a proposed new construction of a 5-story building containing 60 units located in Evanston. Next, we have our 4 Non-Congregate Shelter Awardees. Multifamily is recommending 4 projects totaling $40 million in HOME ARP grant funds, supporting the acquisition and rehabilitation of 422 beds. All projects are in Cook County. Next is Fox Shore Apartments, the proposed rehabilitation of a 4-story building containing 94 units located in Aurora. Last is the refinancing of 400 Lake Shore Drive is a 635-unit development, including 127 units restricted to household earning 50% AMI or less, is currently under construction and is approximately 40% complete.

Mr. Bannon concluded: The Board approved the 2026 Qualified Allocation Plan, which was released on July 1st. The Permanent Supportive Housing Round 12 RFA will be released in August. Lastly, the next annual Universal Preliminary Project Assessments due date is September 17th, and this includes 9% LIHTC and PSH.

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

Mr. Nestlehut stated: Homeownership reservations for the month of June 2025 totaled $105 million in first mortgages, a decrease of 2% by loan count and an increase of 4% by loan volume compared to the same month in 2024.

Mr. Nestlehut continued: The breakdown of the programs Access 4%, our forgivable program accounted for 14% of production. Access 5%, our deferred program, was 43%, and Access 10%, our repayable program, was 43%. Chicagoland was the largest of the regions by loan count and volume followed by Central, Northwest and Southern. As of June 30th, our total pipeline is over $413 million dollars, which includes the number of loans reserved, not yet purchased and loans purchased, not yet in pooled. The Average day count is 59 days from reservation to purchase.

Mr. Nestlehut continued: For GNMA loan reservations, the green line on this chart shows IHDA's rates and the red line reflects an FHA benchmark rate for conventional loan reservations. The green line shows IHDA's rates compared to the red line showing the Freddie 30-day offered rate.

Mr. Nestlehut continued: IHDA Demographic Analysis compared to State of IL year-to-date race comparisons through June 30, 2025. Those who identify as Black or African American households of IHDA's purchased loans was 14.9% compared to the

State of IL at 14.6%. While those who identify as Hispanic or Latino was at 28.9% compared to the State of IL at 19.0%. We will be updating the benchmark shown here for FY26.

Mr. Nestlehut concluded: In terms of year-to-date comparison for the years 2021-2025. We can see that we are returning to a more traditional volume flow.

**III.A.1. Quarterly Resolution Ratifying Permitted Financial Activities**

Ms. Sanders stated: This is a recap of the financial activities during the quarter ending June 30, 2025. For investments, the book value as of June 30th was $5.1 billion. This is a slight increase from the prior quarter, which was $4.6 billion. The unrealized loss was $52 million.

Ms. Sanders continued: Sales and Maturities purchases were just over $1 billion up nominally from last quarter. Sales and Maturities totaled $508 million, a decrease of $128 million versus the previous quarter.

Ms. Sanders concluded: Regarding investment returns, we outperformed the weighted average Treasury yield each month. In terms of transactional activity, payouts and draws for the quarter were $27 million, up slightly, bond debt service payments were $191 million, $135 million from last quarter. For derivative activity, we had twenty-eight swaps, three interest rate caps, and $403 in hedges.

**III.B.1. Multifamily Revenue Bonds Series 2025 C (Fox Shore Apartments)**

Mr. Lindsey stated: Fox Shores, located in Aurora, IL, is a non-elderly multifamily development consisting of 94 units. The issued bond will be used to finance the acquisition and rehabilitation of this property. As seen on the slide, the bonds will be directly placed long-term with AFL-CIO and will include an underlying loan via FHA risk share.

Mr. Lindsey continued: The request being presented today is to authorize the issuance of Multifamily Revenue Bond Series 2025 C in the amount not to exceed $15,610,000. This includes a final maturity no later than 46 years from the date of issuance and an interest rate not to exceed 8.5% per annum if fixed and 12% per annum if variable. The Multifamily Revenue Bonds Variable Debt profile is relatively unchanged. The projected timeline is closing of September 18, 2025, transaction participants are Essence Development as a sponsor and AFL-CIO Husing Investment Trust as a Bond Purchaser.

**III.B.2. Resolution Amending the Issuance of Multifamily Housing Revenue Bonds Series 2021 (900 West Randolph)**

Mr. Lindsey stated: In 2021 IHDA issued $212 million in bonds for the Row Fulton Market. The current bond holders include Wells Fargo and Bank of America. The amendment before you today is to convert $212 million in construction bonds to permanent financing.

Mr. Lindsey concluded: The transaction refinances the current bonds and includes a swap with Mizuho Capital Markets to mitigate market risks. It will also allow Wells Fargo and Bank of America to exit their current construction position. Lastly, this transaction poses no additional credit risk to the Authority.

**III.B.3. Resolution Authorizing the Issuance of Aggregate Multifamily Housing Revenue Bonds, 2025 Series C and Resolution Amending Issuance of Aggregate Multifamily Housing Revenue Bonds Series 2024 ABC (400 Lake Shore Drive)**

Ms. Jacobson stated: The Finance Department is requesting your consideration today for the following actions related to the 400 Lake Shore Drive development in Chicago. The issuance of Multifamily Housing Revenue Bonds Series 2023B, Amendments and supplements to the previously approved Series 2023 A and B bonds, and the Issuance of Series 2025 C Bonds.

Ms. Jacobson continued: This transaction was originally approved using a combination of new and recycled volume cap with a subsequent commitment of additional recycled cap. The updated financing plan maintains this approach and allows for the conversion of a portion of previously issued taxable debt to tax-exempt debt through the new Series C Bonds. The proposed amendments will authorize this revised structure and enable the issuance of Series C under the updated terms. The financing strategically combines new money and recycled volume cap, allowing us to preserve scarce volume cap resources while continuing to support the development of new housing units in the market.

Ms. Jacobson continued: This development will be in the Streeterville neighborhood of Chicago and will include a total of 635 units, 127 of which are affordable. For Series 2023 B, the Fixed-rate bonds utilizing new and recycled volume cap, totaling $44.8 million, will be purchased by Wells Fargo, estimated par amount of $35.71 million. For Series 2023 B, the fixed-rate bonds using recycles volume cap, totaling $28.57 million, will be purchased by Bank of America.

For Series 2023 B-3, Fixed-rate bonds using recycled volume cap, totaling $15.71 million, will be purchased by AFL-CIO. For Series 2025 C-4, C-5, and C-6, the Variable-rate bonds using recycled volume cap, totaling $83.43 million, will be purchased by Wells Fargo. The proposed bonds will be tax-exempt, long-term and privately placed. All bonds will be limited to the obligations of the Authority with no impact on the Authority's general funds or credit.

Ms. Jacobson continued: Multifamily Housing Revenue Bonds Series 2023B is not to exceed $80 million with a final maturity no later than December 31, 2053. The maximum interest rate is 8% for fixed-rate bonds or 12% for variable-rate bonds. Multifamily Housing Revenue Bonds Series 2025 C is not to exceed $201.32 million with a final maturity no later than December 31, 2056. The maximum interest rate is the same not to exceed thresholds as noted for Series 2023 B.

Ms. Jacobson concluded: In summary, the Finance Department respectfully requests consideration of the resolution authorizing the issuance of the Series 2023 B and 2025 C Bonds to finance the complete development of 400 Lake Shore Drive. We believe this transaction is aligned with the Authority's strategic priorities, enhances affordability in a high-demand, high-cost area, and is structured to mitigate risk.

**III.C.1. Resolution Authorizing Payment of Audit Invoices**

Mr. Jalaluddin stated: Section 6Z-27 of the State Finance Act empowers the State Auditor General to bill entities for the cost of audits conducted on their behalf and subsequently request reimbursements for these audit expenses. This resolution will authorize payment for services rendered by the State for last fiscal year's audit totaling $449,696. These services covered the annual financial audit and annual federal compliance audit.

**III.C.2. GFOA Certification**

Mr. Runkle stated: I am pleased to announce that for the fourth year in a row, IHDA was issued a Certificate of Achievement for Excellence in Financial Reporting for our FY24 Annual Comprehensive Financial Report from the Government Finance Officers Association or GFOA. This award is the highest form of recognition given to state and local governments who exhibit the true spirit of accuracy, transparency, and full disclosure. This is the standard we hold ourselves to and expect to achieve.

Mr. Runkle concluded: With this, I would like to thank not just the accounting team for their ongoing commitment to excellence but the whole of the Authority, as information comes across the organization, all of which helps the public, investors and others understand the IHDA's financial position and performance in a clear and transparent manner.

**III.C.3. IHDA Lease Update**

Mr. Runkle stated: We last provided you an update in February and prior to that in September of last year. Today's information will include additional information, discuss key accomplishments and where we are in the process. Important to note, we remain under procurement, and as such to ensure strong competition under the State's Procurement Code and protect the integrity of ongoing negotiations, we are going to avoid specifics around potential locations, buildings, landlords, property managers, or building addresses.

Mr. Runkle continued: Our current lease expires in October of next year. We've been at our current location for almost nine years. As our term approaches an end, we're assessing what's next. We have approximately 66,000 square feet across two floors plus a nominal amount of storage space on the 31st floor. We procured Avison Young as a lease consultant. They are actively helping the Authority assess and find space that meets our needs. We have a governance structure in place, including a steering committee, to help drive the process. Overall, our goals are centered on providing space and terms that give us flexibility over the long term. Also focusing on price and cost efficiencies.

Mr. Runkle continued: A large part of these efforts continues to be on our employees. A lot has changed over the last ten years not just in terms of organizational size, but what's important to our staff. We've had a third party, Cotter Consulting, supporting Avison Young and IHDA performing space planning. That process has included engaging the whole of the leadership team to best understand our needs, what works well, and where we have opportunities for improvement. Better use of space, better use of technology, and a greater ability to more openly collaborate. Lease agreements are longer term in nature, so keeping a level of flexibility is key in our thought process.

Mr. Runkle continued: RFI, or request for information, which was launched and put into BidBuy in March, we received strong interest from the market. There were more than 20 responses which were assessed through IHDA procurement and reviewed by the State Procurement Office. Those respondents who did not meet RFI requirements were notified. In collaboration with Avison Young, we are now in the process of working through remaining qualified options and in the negotiation phase. We expect this to continue into September, including final review and approval by SPO and a recommendation for approval to the full Board in either September or October, after which we will execute the lease. We will then use the approximately one-year design/construction, build-out, and occupy or re-occupy the selected space.

Mr. Runkle concluded: The timeline we are showing has information I've covered in my remarks today. We will be back with you on this topic in September/October when we come with a recommended lease. We would welcome Board feedback and engagement and would like to extend an invitation to have a Board member in a steering committee meeting sometime over the next 6 weeks for additional dialogue.

**IV.** Mr. Tornatore adjourned the meeting at 10:31 a.m.