The meeting of the Finance Committee of the Illinois Housing Development Authority took place virtually via Zoom on Friday, November 19, 2021, at 10:00 a.m. Attending the meeting were Acting Finance Committee Chair, Mr. Tom Morsch, Mr. King Harris, Ms. Luz Ramirez, Ms. Sonia Berg, Mr. Sam Tornatore, and Mr. Tommy Arbuckle. Attending the meeting from IHDA were Ms. Kristin Faust, Mr. Ed Gin, Ms. Maureen Ohle, Ms. Karen Davis, Mr. Lawrence Grisham, Mr. Scot Berkey, Ms. Christina Monroe, Ms. Tara Pavlik, Ms. Tracy Grimm, Mr. Tim Hicks, Ms. Christine Moran, Mr. Andrew Nestlehub, Mr. Javier Gumucio, Mr. Muhammad Jalaluddin, Mr. Jack Wambach, Mr. Keith Pryor, Mr. Piotr Wietrzak, Ms. Myriam Weaver, Ms. Cheramie Hibbler, Mr. Zhe Chen, Mr. Benjamin Medina, Mr. Will Mack, Mr. Dorian Thurmond, and Ms. Sheri Geishecker.

Mr. Morsch called the meeting to order at 10:02 a.m.

Mr. Morsch motioned to approve the October 15, 2021, Finance Committee Meeting minutes as presented. Motion carried.

**ONGOING ACTIVITIES**

**Discussion: Monthly Interim Financial Statements.**

Mr. Hicks stated: Operating Revenues for YTD are $37.8M which is $21.9M favorable to budget and Administrative Reimbursements YTD are $17.1M. Key Drivers for the favorability in Operating Revenues is Investment Income $10.1M, Ongoing Fees $5.0M, and Origination Fees $6.8M.

Mr. Hicks continued: Operating Expenses for the Admin Fund YTD are $30.8M which is $2.4M unfavorable to budget while the Operating Expenses for the Government Funds YTD are $17.5M which is $2.8M unfavorable to budget. For the Admin Fund the Key Drivers are Salaries & Benefits of $1.8M favorable offset by Other Expense which is driven by Temporary Help $4.6M unfavorable.

Mr. Hicks continued: Operating Revenues for the Admin Fund and Administrative Reimbursements are favorable to prior year $12.2M and $7.6M respectively. For Operating Revenues, Origination Fees favorable $6.9M and Ongoing Fees favorable $3.5M are the key drivers.

Mr. Hicks concluded: Operating Expenses for the Admin Fund are $17.7M unfavorable to prior year while the Expenses for the Governmental Funds are unfavorable to prior year by $8.0M. Key Drivers for both Admin Fund and Governmental Funds are Salaries and Benefits and Professional Fees related to expenditures for the IRPP Program.

**Discussion: Multifamily Update.**

Ms. Moran stated: We only have one item on the consent agenda today, it’s Cherry Lane
Apartments, a 2021 Permanent Supportive Housing project experiencing construction cost increases. We've been seeing increases of approximately 10% across developments. We've received 111 Preliminary Project Assessments for preapproval to apply for the 9% tax credit rounds. The breakdown by location is City of Chicago 26%, Chicago Metro 29%, Other Metro 29%, and Non-Metro 16%. The projects will be reviewed for site, market development, and financial feasibility. Additionally, the 4% floor has also generated significant tax-exempt bond activity, year-to-date we’ve received 42 PPAs.

Ms. Moran concluded: Multifamily at a glance: PSH Round VIII, we’ve received 17 applications and are targeting the January 2022 Board meeting for consideration. Since January we’ve closed 57 transactions and are targeting 18 for a 12/31/2021 closing date.

Discussion: Homeownership Mortgage Program Update.

Ms. Pavlik stated: Reservations for October 2021 were at 648 first mortgage loans or $97.73 million, 352 or $54.87 million for GNMA and 296 or $42.86 million for Conventional. Prior year reservation comparisons for the month of October were at $112.15 million, $73.13 million for GNMA and $39.02 million for Conventional.

Ms. Pavlik continued: For October 2021, IHDA Mortgage Program Statistics were as follows: Access 4% accounted for 1.0% or $1.95 million, Access 5% accounted for 4.0% or $4.22 million, and Access 10% accounted for 10.0% or 11.82 million and Opening Doors accounted for 85.0% or $79.72 million. Geographical percentages were 21% for the Central region, 52% for Chicago, 17% for the Northwest, and 10% for the Southern regions, respectively. There are 2,267 loans in the pipeline at a total of $350.88 million. Timing from reservation to approved for purchase is 48 days average, 55 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 – 1.4% to 5.9% with 6.29% success rate, Black – 17.2% to 14.6% with 5.05% success rate, Hawaiian/Other Pacific Islander – 0.13% to 0.1% with 0.7% success rate, White – 65.7% to 76.8% with 75.75% success rate, Two or More Races – 1.4% to 2.1%, Information not Provided/Unknown – 13.9% to N/A. Ethnicity comparison for Hispanic or Latino is 22.3% for IHDA compared to 17.5% for State of Illinois with 9.19% success rate.

NEW BUSINESS

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 September 30, 2021. The Loan Loss Reserve has increased from the June 30th Balance by $1.9 Million to $94.5 Million. The increase was primarily in the ARR fund ($6.4M) and an increase in Illinois Affordable Housing Trust (3.9M). This was offset by decreases in the Home Fund ($5.6M) and a decrease in the Admin Fund ($1.0M).
Resolution Authorizing Agreements with Investment Banking Firms.

Mr. Nestlehut stated: The attached resolution (“Resolution”) seeks your approval to enter into engagement agreements (“Agreements”) with investment banking firms (“New Investment Bankers”) to provide services related to the offering, placement, and sale of the Illinois Housing Development Authority’s (“Authority”) securities to the investment community. In August of 2021, the Authority issued two (2) Request for Proposals (“RFP”) for the New Investment Bankers. The RFPs were defined as Senior Manager and Co-Manager. The Senior Managers are head of the underwriting syndicate, maintain the books, and are primarily responsible for marketing the bond issue to individual and institutional investors, whereas the Co-Managers assist in marketing the Authority’s bond issuances.

Mr. Nestlehut continued: The Authority received twenty-eight (28) unique respondents between the two RFPs. At this time, we are recommending thirteen (13) firms under the Senior Manager designation and fifteen (15) firms under the Co-Manager designation. The recommended New Investment Bankers are identified in Exhibit A to the Resolution.

Mr. Nestlehut concluded: Each of the firms designated as Senior Manager will enter into an Agreement with the Authority for a two-year term in a not-to-exceed amount of $2.50 million and each firm designated as Co-Manager will enter into an Agreement with the Authority for a two-year term in a not-to-exceed amount of $1.50 million. Four (4) two (2) year renewals are built into the contract and would be subject to Board approval. Although the Authority does not expect to use up the entire not-to-exceed amount of each Agreement over the term of the Agreement, the Authority believes that it is in its best interest to set the not-to-exceed amount at a level that would provide maximum flexibility also taking into consideration if future volume of bond issuances exceeds the current projected levels. Please note each individual bond issue will be subject to the Board’s approval.

Resolution Amending Exhibit B and General Language Addition to Section A to the Financial Management Policy.

Mr. Nestlehut stated: Pursuant to Resolution No. 2005-IHDA-058, where the Authority has established a financial management policy; such policy sets forth list of authorized Counterparties (Exhibit B). The Authority desires to update such list to reflect four additions.

Mr. Nestlehut concluded: The firms have satisfied all internal review requirements and come highly recommended from our Financial Advisors as additional counterparties. In addition, The Authority wishes to make a general verbiage update to Section A Part X. “Finance Committee” of the Financial Management Policy. The verbiage update is in connection with the on-going discussions of extending the current Finance Committee timeslot and topics to include IT strategy matters.

Resolution Authorizing Funding Updates for Access Down Payment Assistance Programs.

Mr. Nestlehut stated: Pursuant to Resolution No. 2017-IHDA-413, the Illinois Housing Development Authority (“Authority”) had determined it is in its best interest to establish three down payment assistance programs, to be used in conjunction with first mortgages funded through one of the
Authority’s first mortgage lending programs and known as Access 4% Program, Access 5% Program, and Access 10% Program.

Mr. Nestlehut continued: The Finance department is requesting the following additional funds for the programs: Access 4% (Forgivable), $10,500,000 from the Housing Bond Indenture and $11,500,000 from the Authority’s administrative fund; Access 5% (Deferred), $3,000,000 from the Housing Bond Indenture; and Access 10% (Repayable), $8,000,000 from the Homeowner Mortgage Revenue Bonds Indenture and $2,000,000 from the Housing Bond Indenture.

Mr. Nestlehut concluded: These funding sources are consistent with past requests under the established Programs. In addition to the requested funds, reallocation of program and investment income will also be moved based on prior approvals within the Program. The reallocations and allocations are expected to extend the various Access Down Payment Assistance Programs until the end of July and/or beginning of August 2022. Additional information pertaining to allocation and funding amounts are outlined on the attached Exhibit.

Resolution of Intent to Issue Bonds of Revenue Obligations under Single Family and Multifamily Bond Programs in an Aggregate Principal Amount.

Mr. Nestlehut stated: The Illinois Housing Development Authority (“IHDA”) is authorized to issue private activity bonds (“Bonds”) for the purposes of providing financing for single family and multi-family housing developments and other authorized purposes, including issuances of the Bonds pursuant to the Illinois Private Activity Bond Allocations Act, 30 ILCS 345/1 et seq. (“Bond Act”). IHDA anticipates strong demand for the Bonds after January 1, 2022, and has previously received authority from the Governor’s Office to issue Bonds. Intent to issue the Bonds requires IHDA to adopt a resolution expressing such intent. At this time the Finance department requests the Board for approval of the following: IHDA states its intention to issue Bonds in aggregate not to exceed $800,000,000 pursuant to the Bond Act, in addition to any allocation that currently exists.

Mr. Morsch adjourned the meeting at 10:32 a.m.