

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY
FINANCE COMMITTEE MINUTES
May 31, 2016**

The meeting of the Finance Committee of the Illinois Housing Development Authority took place on May 31, 2016 at 401 N. Michigan Avenue, Chicago, Illinois at 9:30 a.m. Attending the meeting were Ms. Mary Kane, Ms. Christina Castro and Ms. Karen Davis for the members. Also attending the meeting were Mr. Larry Dillard and Ms. Merci Stahl of Bank of New York Mellon; Mr. Steve Abbey of First Merit Bank and Mr. John Janicik of Mayer Brown. For the Authority staff; Ms. Nandini Natarajan, Ms. Debbie Olson, Mr. John Chung, Mr. Andy Decoux, Ms. Tara Pavlik, Ms. Peggy Torrens, Mr. Andrew Nestlehut, Mr. Neil O'Callaghan, Mr. Ron Gajos, Mr. Kyle Nestlehut, Ms. Whitney Sanders and Ms. Lily Benitez were present.

Ms. Kane motioned to approve the April 15, 2016 Finance Committee meeting minutes as presented.

New Business

Resolution Authorizing the Issuance of Not to Exceed \$24,000,000 Aggregate Principal Amount of Multifamily Housing Revenue Bonds, Series 2016 (Ginger Ridge Apartments).

Mr. Chung stated: This transaction is for Multifamily Housing Revenue Bonds Series 2016 (Ginger Ridge Apartments).

IHDA will issue bonds to finance the acquisition and rehabilitation of Ginger Ridge Apartments, containing 469 units located in Calumet City at 1954 Memorial Drive. The bonds will be collateralized by cash proceeds of a FHA-insured loan pursuant to the 223(f) insurance program by HUD. It is a conduit financing – privately placed, fixed rate, short term tax-exempt bonds. Limited obligation with no credit risk to the Authority.

The request is for the authorization of the issuance of Multifamily Housing Revenue Bonds in aggregate not to exceed \$24,000,000. Final maturity no later than July 1, 2019 or likely 2018. Bond interest rate not to exceed 4% per annum. Projected close is June 29, 2016.

Resolution Authorizing the Issuance of Not to Exceed \$10,000,000 Principal Amount of Multifamily Housing Revenue Bonds (Pass-Through – Woodland Towers) Series 2016.

Mr. Chung stated: This transaction is for Multifamily Housing Revenue Bonds (Pass-Through – Woodland Towers) Series 2016.

IHDA will issue the Series 2016 bonds to finance the acquisition and rehabilitation of Woodland Towers, consisting of two buildings containing 104 units located at 306 Pine Lake Road in Collinsville, Illinois. The bonds will be secured by FNMA-guaranteed mortgage backed security that will mirror the payment terms of the IHDA-issued bonds. It is a conduit financing – Publicly issued, fixed rate, long term tax-exempt bonds with no credit risk to the Authority.

The resolution request is for the authorization of bonds not to exceed \$10,000,000. Final maturity no later than June 1, 2016 and bond interest rate not to exceed 5% per annum.

Projected close will be June 14, 2016.

Resolution Authorizing the Issuance of Not to Exceed \$23,000,000 Principal Amount of Multifamily Housing Revenue Bonds (Pass-Through – Crossroads of East Ravenswood) Series 2016.

Mr. Chung stated: This transaction is for Multifamily Housing Revenue Bonds (Pass-Through – Crossroads of East Ravenswood) Series 2016.

IHDA will issue the Series 2016 bonds to finance the acquisition and rehabilitation of Crossroads of East Ravenswood, consisting of five buildings containing 124 units located in Chicago. The bonds will be secured by FNMA-guaranteed mortgage backed security that will mirror the payment terms of the IHDA-issued bonds. It is a conduit financing – Publicly issued, fixed rate, long term tax-exempt bonds with no credit risk to the Authority.

The authorization request is for bonds not to exceed \$23,000,000. Final maturity no later than June 1, 2036 and bond interest rate not to exceed 5% per annum.

Resolution Authorizing the Issuance of Not to Exceed \$26,000,000 Aggregate Principal Amount of Multifamily Housing Revenue Note (Van Buren Park), Series 2016.

Mr. Chung stated: This transaction is for Multifamily Mortgage Housing Revenue Note (Van Buren Park) Series 2016.

The note will finance the acquisition of Van Buren Park Apartments, containing 300 units located in Chicago. It is a conduit financing – Publicly placed, variable rate, tax-

exempt note will be hedged with an interest rate cap agreement. The note will be purchased by Citibank and within 30 days after closing, transferred to Federal Home Loan Mortgage Corporation. It is a limited obligation note with no credit risk to the Authority.

The authorization request is for bonds not to exceed \$26,000,000. Final maturity no later than July 1, 2036 and bond interest rate not to exceed the lesser of (a) 12% and (b) maximum under IL law.

Resolution Authorizing the Issuance of Not to Exceed \$12,000,000 Aggregate Principal Amount of Multifamily Housing Revenue Note (Bloomingdale), Series 2016.

Mr. Chung stated: This transaction is for Multifamily Mortgage Housing Revenue Note (Bloomingdale) Series 2016.

The note will finance the acquisition of Bloomingdale Apartments, containing 111 units located in Chicago. It is a conduit financing – Publicly placed, variable rate, tax-exempt note will be hedged with an interest rate cap agreement. The note will be purchased by Citibank and within 30 days after closing, transferred to Federal Home Loan Mortgage Corporation. It is a limited obligation note with no credit risk to the Authority.

The authorization request is for bonds not to exceed \$12,000,000. Final maturity no later than July 1, 2036 and bond interest rate not to exceed the lesser of (a) 12% and (b) maximum under IL law.

Resolution FFB Admin Services

Ms. Natarajan stated: This resolution authorizes temporary advance funding under the FFB program. Through the Federal Financing Bank, the US Treasury / HUD purchases housing finance agency underwritten multifamily mortgage loans that have risk share insurance.

As per the rules of the program, prior to funding from FFB, the Authority has to advance certain amounts related to the project one business day prior to closing.

This resolution seeks authorization to make these advances up to \$1.5 million using the Authority's Admin fund and be reimbursed for such advances by FFB funds, one business day later.

Resolution Amending Financial Management Policy.

Mr. Nestlehut stated: The Financial Management policy resolution is for the removal of seventeen (17) current counterparties and for the addition of two – J.V.B. Financial, which will be doing a lot of our specified pool sales and First Merit Bank to help us with some of short term cash solutions.

Discussion: Homeownership Mortgage Program Update.

Ms. Pavlik stated: Reservations for April 2016 at 683 first mortgage loans or \$87.32 million; 313 mortgage loans or \$44.39 million for GNMA and 370 mortgage loans or \$42.94 million for Fannie Mae or conventional.

Ms. Pavlik presented a slide showing prior year reservation comparisons for the month of April 2016. Reservations in April 2015 were \$54.4 million for GNMA and \$37.9 million for Fannie for a total of \$92.3 million.

Ms. Pavlik continued: Through April 2016 and over the life of the program, 99% of all borrowers have been utilizing our Down Payment Assistant Program; we have a 21.69% fallout rate and our current pipeline is \$185.09 million.

Overall 52% of our borrowers are using an FHA product, 2% for VA, 2% for USDA which is also in that GNMA bucket; 44% are Conventional.

Resolution Ratifying Loan Loss Reserve.

Mr. Gajos stated: For the Board's approval today will be the Ratification of the Establishment of Loan Loss Reserve as of March 31, 2016. The Loan Loss Reserves are at \$52.6 million and the Mortgage Participation Certificate Reserve is at \$1,318,077.

ONGOING ACTIVITIES

Discussion: Monthly Interim Financial Statements.

Mr. Gajos discussed the Authority's Monthly Interim Financial Statements by highlighting the Total operating revenues, Government reimbursements and Total operating expenses.

Discussion: RB 2016A Bond Issuance (RBC Capital Markets, Senior Manager).

Ms. Natarajan discussed the Revenue Bonds, 2016 Series A (non-AMT) transaction.

Ms. Kane adjourned the meeting at 10:00 a.m.