



**ILLINOIS HOUSING DEVELOPMENT AUTHORITY
FINANCE COMMITTEE MEETING MINUTES
Friday, February 17, 2023**

The meeting of the Finance Committee of the Illinois Housing Development Authority took place on Friday, February 17, 2023, 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. Tom Morsch, Mr. Arbuckle, Mr. Daniel Hayes, and Mr. Brice Hutchcraft. Attending the meeting from IHDA were Ms. Kristin Faust, Mr. Ed Gin, Mr. Lawrence Grisham, Ms. Karen Davis, Ms. Maureen Ohle, Mr. Keith Evans, Mr. Tim Hicks, Ms. Tara Pavlik, Mr. Andrew Nestlehut, Mr. Muhammad Jalaluddin, Mr. Mr. Keith Pryor, Mr. Jim Butler, and Ms. Sheri Geishecker. Mr. Nick Vallorano and Ms. Heather Weiner from Mayer Brown, LLP, were also in attendance.

I.A. Mr. Tornatore called the meeting to order at 10:21 a.m.

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

I.C. Mr. Tornatore called a motion for the approval of the January 20, 2023, minutes to be approved as presented. Motion carried.

II.A. Presentation of Monthly Interim Financial Statements

Mr. Hicks stated: Operating Revenues for YTD are \$36.6M which is \$5.2M favorable to budget and Administrative Reimbursements YTD are \$23.3M relatively flat to budget. Key Drivers for the favorability in Operating Revenues is Ongoing Fees \$6.4M and Origination Fees \$5.1M offset by Investment Income down \$6.6M.

Mr. Hicks continued: Operating Expenses for the Admin Fund YTD are \$38.9M which is \$14.2M favorable to budget while the Operating Expenses for the Government Funds YTD are 15.7M which is \$11.4M favorable to budget. For the Admin Fund the Key Drivers are Salaries & Benefits of \$1.1M favorable, Financing Costs \$1.7M, and Professional Fees \$5.4M and Other Expense \$3.5M.

Mr. Hicks continued: Operating Revenues for the Admin Fund are unfavorable \$19.1M and Administrative Reimbursements are unfavorable \$2.9M. For Operating Revenues, key driver is Investment Income which is unfavorable \$19.1M.

Mr. Hicks concluded: Operating Expenses for the Admin Fund are \$12.7M favorable to prior year while the Expenses for the Governmental Funds are \$1.6M favorable. Key Drivers for both Admin Fund and Governmental Funds is Professional Fees and Temporary Employees.

II.B. Multifamily Update

Mr. Pryor stated: This month's requests will consist of Nehemiah Homes RMJ and Beech Street Senior Lofts. These are both 9% LIHTC deals. The 2023 9% LIHTC applications were due February 16 and we received 54 applications and are targeting presenting them at June Board. Permanent Supportive Housing Applications will be presented at March board. The 2024-2025 QAP planning is underway with QAP Summits to be held in May. A question was asked about the lower amount of 9% LIHTC applications; last year was 62, this is common as this is the second year of this QAP.

II.C. Single Family/Homeownership Update

Ms. Pavlik stated: Reservations for January 23 were at 571 first mortgage loans or \$98.32 million, 226 or \$37.65 million for GNMA and 345 or \$60.67 million for Conventional. Prior year reservation comparisons were \$114.97 million, \$61.41 million for GNMA and \$53.56 million for Conventional.

Ms. Pavlik continued: For January 2023, IHDA Mortgage Program Statistics were as follows: Access 4% accounted for 19.0% or \$17.74 million, Access 5% accounted for 6.0% or \$6.92 million, Access 10% accounted for 13.0% or \$14.04 million, and Opening Doors accounted for 62.0% or \$59.62 million. Geographical percentages were 18% for the Central region, 62% for Chicago, 14% for the Northwest, and 6% for the Southern regions, respectively. There are 1,776 loans in the pipeline at a total of \$296.79 million. Timing from reservation to approved for purchase is 47 days average, 51 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 – 0.6% to 0.6% with .35% success rate, Asian/Pacific Islander – 1.8% to 5.9% with 6.29% success rate, Black – 17.7% to 14.6% with 5.05% success rate, Hawaiian/Other Pacific Islander – 0.02% to 0.1% with 0.07% success rate, White – 64.3% to 76.8% with 75.75% success rate, Two or More Races – 1.6% to 2.0%, Information not Provided/Unknown – 15.3% to N/A. Ethnicity comparison for Hispanic or Latino is 24.7% for IHDA compared to 17.5% for State of Illinois with 9.19% success rate. A graph comparing reservations for 2019 through January 2023 was shared.

III.A.1. 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 December 31, 2022. The Loan Loss Reserve has increased from the September 30th balance by \$7.9 million to \$123.6 million. The increase was primarily in the IL Affordable Housing Trust Fund \$4.9 million and Home Program Fund \$2.5million as a result of higher loan reserve percent compared to prior quarter and principal disbursements that were reserved at 100%.

III.A.2. Resolution Authorizing the Issuance of Revenue Bonds 2023 Series A, B, C, and D

Mr. Butler stated: The 2023 Series A, B, C, & D Bonds is a tax-exempt and taxable fixed rate and variable rate new money bond (the "Offered Bonds"). The 2023 Series A Bonds include short & intermediate term tax-exempt fixed rate bonds; Series B include short & intermediate term taxable fixed rate bonds; the Series C Bonds consist of tax-exempt variable rate bonds and the Series D Bonds consist of taxable variable rate bonds. Offered Bonds are special limited obligations of the Authority. The collateral supporting all series are single family mortgage-backed securities. Offered Bonds will be issued on a parity basis with all previously issued Bonds in the Revenue Bonds indenture. The purpose of the Offered Bonds is for new money to redeploy capital for future originations and to lock in long term spread for the Authority. The Offered Bonds are anticipated to create subsidy for use of the Authority.

Mr. Butler continued: 2023 Series A Bonds will be tax exempt fixed rate debt, new money issuance, AAA rated securities to strengthen the credit of the indenture and are a Planned Amortization Class ("PAC") Bonds; 2022 Series B Bonds will be taxable fixed rate debt, new money issuance, AAA rated securities to strengthen the credit of the indenture and are PAC bonds; 2022 Series C and D Bonds will be tax exempt and taxable variable rate debt, new money issuance, AAA rated securities to strengthen the credit of the indenture. They will have a swap agreement and hedge against interest rate risk and lower cost of funds.

Mr. Nestlehut concluded: We are requesting authorization for the issuance of Revenue Bonds, 2023 Series A, B, C, and D not to exceed \$200,000,000 in aggregate principal amount with a final maturity for any 2023 Series Bonds no later than 35 years after the issuance of the bonds. Bond interest rate on any fixed rate series bonds to not exceed 6% per annum, bond interest rate on any variable rate series bonds to not exceed 15% per annum. A projected schedule and list of transaction participants was shared.

III.A.3. Government Finance Officers Association (GFOA) and Accounting Department Accomplishments

Mr. Jalaluddin stated: On January 24, 2023, the Government Finance Officers Association (GFOA), awarded IHDA with the prestigious Certificate of Achievement for Excellence in Financial Reporting. This certificate is the highest form of recognition for excellence for state and local government in governmental accounting and financial reporting. The Certificate of Achievement for Excellence in Financial Reporting acknowledges IHDA meets program standards which include demonstrating a constructive "spirit of full disclosure." It is awarded to a government entity that publishes an easily readable and efficiently organized comprehensive annual financial report that satisfies both GAAP and applicable legal requirements.

Mr. Jalaluddin concluded: What helped us attain this award is we made significant changes in our process, specifically we automated the financial statement buildup process and implemented Workiva to further enhance and streamline our workflow by eliminating the need for manual inputs and updates. By automating the processes, we were able to focus on improving our technical accounting knowledge. Additionally, we improved collaboration and communication with internal IHDA departments as well as our outside consultants and

auditors. All these efforts contributed to better quality and timely filed financial statements with adequate disclosures and no financial reporting findings for FY22. The filing our FY22 audit was completed prior to deadline.

Chairman Harris added this is a great achievement and is important for the long term success of IHDA, especially getting our financial systems and procedures to this level. Mr. Morsch added that we are in a better place today than we've ever been. Finance Committee Chair Tornatore congratulated the team as well.

V. Mr. Tornatore adjourned the meeting at 10:42 a.m.