ILLINOIS HOUSING DEVELOPMENT AUTHORITY

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FINANCE COMMITTEE MEETING MINUTES
Friday, May 17, 2024

The meeting of the Finance Committee of the Illinois Housing Development Authority took place on Friday, May 17, 2024, at 10:00 a.m. at 111 East Wacker Drive, Chicago, IL. Attending the meeting were Acting Finance Committee Chair, Ms. Erika Poethig, Mr. King Harris, Ms. Luz Ramirez, Ms. Sonia Berg, Mr. Daniel Hayes, and Mr. Brice Hutchcraft. Attending from IHDA's Executive team were Ms. Kristin Faust, Ms. Karen Davis, Mr. Seth Runkle, Ms. Maureen Ohle, and Mr. Keith Evans.

I.A. Ms. Poethig called the meeting to order at 10:00 a.m.

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

I.C. Ms. Poethig called a motion for the approval of the April 19, 2024, minutes to be approved as presented. Motion carried.

II.A. Presentation of Consolidated Interim Financial Statements

Mr. Jalaluddin stated: We are examining fiscal YTD data from July 1, 2023, to April 30, 2024, covering 10 months of FY24. Operating Revenues YTD are $63.8M, reflecting a favorable deviation of $25.9M from the budget. This increase is primarily due to a rise in origination fees related to Tax-Exempt Bond issuances and investment income, both of which have capitalized on favorable market dynamics throughout this fiscal year, exceeding our projections. As we approach the final months of the fiscal year, we expect to continue seeing a favorable variance in investment income. This is due to the economy maintaining balance, with interest rates remaining higher than forecasted, at least until later in calendar year 2024. Additionally, the strength of our Single-Family (SF) Pipeline and increased warehousing activities continue to positively impact our investment income. The Administrative reimbursements were $47.9M, $6.8M favorable to budget, which I will get into further in the upcoming slide.

Mr. Jalaluddin continued: Operating Expenses YTD are $74.4M, which is $9.2M under budget. Favorability is attributed to underspending in Salaries and Benefits of $3.3M due to unfilled positions; Professional fees of $7.2M driven by a combination of favorable spend on Contractual Services & Consultants Fees; and Financing fees of $2.9M, due to cost savings on the cost of issuance covered by indentures vs admin fund. However, this was partially offset by a rise in office administration expenses which increased by $1.1M, primarily due to higher (G&A) general & administrative charges on the governmental side for postage and shipping, along with increased overhead charges. These overhead costs are allocated based on the number of hours charged to the programs. Furthermore, unfavourability in operating expenses is also due to temporary employee expenses of $5.6M due to increased activity across various governmental

COVID related programs. As we progress towards the end of FY, we expect these expenses to decrease in conjunction with the winding down of these programs.

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 fund's financial performance, excluding reimbursements.

Mr. Jalaluddin continued: Shifting our attention to the Governmental fund's operating revenues which comprises of Administrative Reimbursements for incurred authority expenses. FYTD reimbursements reached $47.9M, favorable to budget by $6.9M. This is largely due to higher reimbursements from programs such as IAHTF, CBRAP2 and ASERAP reflecting increased time charged for various supportive housing efforts. This is balanced by a decrease in reimbursements for phasing out initiatives like the ERA2 and HAF program.

Mr. Jalaluddin concluded: Operating Expenses for the Governmental Funds YTD are $47.9M, unfavorable to budget by $4.6M. This primarily due to Temporary employee expenses of $5.8M which is due to increases in temporary employee expenses as mentioned earlier and new positions added due to heightened activity in CBRAP2 and ASERAP programs. This unfavourability is also due to increases in Salaries and Benefits and Office administrative expense amounting to $2.1m and $1.1m respectively, mainly from higher program hours in IAHTF (Illinois Affordable Housing Trust Fund) and various State and local fiscal recovery fund programs. These additional expenses are mitigated by rise in reimbursements, effectively neutralizing the unfavorable expense variance. Additionally, this budget overage in operating expenses has been partly offset by favorable spend in Professional Fees of $3.6M.

II.B. Multifamily Update

Ms. Sanchez stated: We have seven items on the main agenda for consideration today; Stevens Apartments is the proposed new construction of a three story , 46 unit non-elderly building located in the city of Wood River in Madison County; Lincoln Senior Flats is the proposed new construction of a three story 57 unit elderly housing building in the city of Lincoln in Logan County; Woodland Court is the proposed rehabilitation and new construction of 14 for sale townhomes in West Chicago in DuPage County; 2024 Southside is the proposed new construction of 8 for sale single family detached bungalow homes in the Greater Grand Crossing and West Pullman neighborhoods in Chicago; Starling Senior Apartments is the proposed new construction of a three story, 40 unit elderly housing building in the city of Lake Villa in Lake County; Oak and Larrabee Phase I is the new proposed new construction of a seven story, 78 unit non-elderly building in the City of Chicago; and lastly, Ravine Terrace is the proposed rehabilitation of an eight story, 98 unit elderly building in Waukegan in Lake County.

Ms. Sanchez concluded: Department updates – On March 29 we received 44 applications for your 2024 Low Income Housing Tax Credit competitive funding round. We expect to bring the awards to Board in July. The 9% LIHTC funding round is highly competitive. Other than formal written communication from the IHDA Multifamily team requesting clarification of application materials, staff and board members should refrain from any project specific discussions with any developers or potential developers. On May 3, we released our HJIIP RFA – Round 2. Applications will be due on September 27, 2024.

II.C. Single Family/Homeownership Update

Mr. Gumucio stated: Homeownership reservations for the month of April 2024 totaled just over $143 million in first mortgages, we had a variance decrease of 36% by loan count and 6% by loan volume compared to the same month in 2023.

Mr. Gumucio continued: The breakdown IHDA DPA offerings were as follows: Access 4%, our forgivable program, accounted for 28% of total volume, Access 5%, our deferred program, made up 40%, and Access 10%, our repayable program, made up the remaining 32%. Chicagoland was the largest of the regions by loan count and volume, followed by Central, Northwest, and Southern. As of 4/30/24, our pipeline is just over $399.3M. The pipeline is the total number of loans in the reservation and loans purchased not yet pooled status. Average count is 46 days from reservation to purchase by our master servicer.

Mr. Gumucio 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 Freddie national 30-day offered rate. Currently our rates are slightly above the FHLMC offering rate for two reasons, first our rates are a blend of both government and conventional loan rates, not just conventional products we are benchmarking against in the graph. In addition, our deferred and repayable programs have been getting more appeal due to the higher DPA amounts. These programs have slightly lower mortgage rates, contributing to the lower interest rate value.

Mr. Gumucio continued: IHDA Demographic Analysis compared to State of IL year-to-date race comparisons through 4/30/24, those who identify as Black or African American households of IHDA's purchased loans was 16.8% compared to the state of IL's total population at 14.7%, while those who identify as Hispanic or Latino of IHDA's purchased loans was 28.5% compared to the State of IL total population at 18.3%. Homeownership is aware that the Black/African American race and Hispanic/Latino ethic categories rose this month and we are continuing our targeted outreach and marketing efforts for further improvements and evaluation.

Mr. Gumucio concluded: Here is a year-to-date comparison for years 2021-2024. As you can see, we are returning to a more traditional volume flow. For comparison, in February 2024 we only had a 5% increase in units compared to February of 2021, however yielded over $30 million dollars more in volume, this increase in volume is due to the purchase price increases we have seen in recent years.

III.A.1. Resolution Ratifying Establishment of Loan Loss Reserve

Mr. Jalaluddin stated: We are seeking the approval of the Quarterly Resolution Ratifying Establishment of Loan Loss Reserve for March 31, 2024. The loan loss reserve increased by $3.3M from $124.2M to $127.5M. The increase is primarily due to an increase in Affordable

Housing Program Trust Fund Bonds ($1.0M) as a result of a new forgivable loan reserved at 100%, an increase in IL Affordable Housing Trust Fund ($1.8M) primarily due to additional principal disbursements and higher probability of default as a result of decreases in debt coverage ratio.

III.A.2. Resolution Authorizing Amendment of Standby Bond Purchase Agreements for Housing Bonds 2008 A, B, and C

Mr. Babcock stated: The request before you today is to amend the following Standby Bond Purchase Agreements (or SBPA) with the Federal Home Loan Bank of Chicago to include language reflecting a four (4) year extension to the current one-year extension period we are in of said agreement for the Housing Bonds Series 2008 A, B, and C. The referenced bonds are variable rate debt obligation which are remarketed by a remarketing agent on a weekly basis. The SBPA provides a liquidity backstop for the bonds, safeguarding against any bond remarketing risk and any associated liquidity risk. In the event that VRDO bonds cannot be remarketed, the Federal Home Loan Bank of Chicago will step-in and purchase the obligation per the agreement.

III.B.1. Multifamily Revenue Bonds 2024 Series C (Ravine Terrace)

Mr. Babcock stated: This request is for the rehabilitation/new construction of 98 elderly units at 200 South Martin Luther King Jr. Avenue, Waukegan, IL. IHDA will issue Multifamily Housing Revenue Bonds 2024 Series C (Ravine Terrace) to finance the acquisition and rehabilitation and new construction of the project. The Bonds will be publicly offered by Siebert Williams Shank & Co., LLC and will be tax-exempt, long term and fixed rate. Offered Bonds are Special Limited Obligations of the Authority. Collateral supporting Series C will be a CIBC construction loan as cash collateral during construction and risk sharing insurance after conversion. Offered Bonds will be issued on a parity basis with other parity bonds within the Indenture. The permanent financing will be a Risk-Sharing loan which will be fixed rate, tax-exempt, and have a 40-year maturity. IHDA will also issue a Junior loan which will be fixed rate, taxable, and have a 40-year maturity.

Mr. Babcock concluded: Multifamily finance is requesting approval for the Issuance of Multifamily Housing Revenue Bonds, 2024 Series C (Ravine Terrace) in an amount not to exceed $37,750,000 with a final maturity no later than 46 years after the original date of issuance and delivery of the bonds with an interest rate not to exceed 8.5% per annum. A projected schedule, and list of transaction participants was shared.

IV. Ms. Poethig adjourned the meeting at 10:24 a.m.