ILLINOIS HOUSING DEVELOPMENT AUTHORITY

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FINANCE COMMITTEE MEETING MINUTES
Friday, December 20, 2024

The meeting of the Finance Committee of the Illinois Housing Development Authority took place on Friday, November 22, 2024, at 10:00 a.m. at 111 East Wacker Drive, Chicago, IL. Attending the meeting were Finance Committee Chair Mr. Tornatore, Mr. King Harris, Ms. Luz Ramirez, Ms. Sonia Berg, Mr. Daniel Hayes, Mr. Brice Hutchcraft, Mr. Tom Morsch, and Ms. Erika Poethig. Attending from IHDA's Executive team were Ms. Kristin Faust, Mr. Lawrence Grisham, Mr. Seth Runkle, Ms. Christina McClernon, and Mr. Keith Evans.

I.A. Mr. Tornatore called the meeting to order at 10:00 a.m.

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

I.C. Mr. Tornatore called a motion for the approval of the November 22, 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 covering 5 months of FY25. Operating Revenues YTD are $29.9M, reflecting a favorable deviation of ($7.5 million) over budget, ($3.7 million) resulting from origination fees for the new developments that were closed in this FY and were budgeted in FY'24 and higher collection of federal 9% tax credit reservation and 4% determination fees. The favorable variance is also driven by heightened interest rate environment which has contributed to strong investment returns throughout the fiscal year to date. The Administrative reimbursements were $12.7M, ($383K) unfavorable to budget, which I will get into further in the upcoming slide.

Mr. Jalaluddin continued: Operating Expenses YTD are $28.1M, which is $5.8M under budget. Favorability is attributed to underspending in Salaries and Benefits of ($1.7 million) due to open positions; Professional fees of $2.3M driven by a combination of favorable spend on Contractual Services & Consultants Fees.

Mr. Jalaluddin continued: Focusing solely on the admin 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.

Mr. Jalaluddin continued: Shifting our attention to the Governmental fund's operating revenues which is comprised of Administrative Reimbursements for incurred authority expenses. FYTD reimbursements reached $12.7M, unfavorable to budget by ($383K) due to timing of billings. However, this remains aligned with our budget expectations.

Mr. Jalaluddin concluded: Operating Expenses for the Governmental Funds YTD are \$12.8M, favorable to budget by \$3.2M. This is primarily due to Salaries and Benefits and professional fees of (\$ 1.7 million) & (\$ 1.3 million) respectively which again is due to timing of expenses. The overage in the Other GA is related to temporary employee expenses for ramping up State CBRAP program which launched in September of this FY.

II.B. Multifamily Update

Mr. Bannon stated: We have four items on the main agenda for your consideration today: Expansion of Hope, the proposed new construction and rehabilitation of 8 single family homes located in Rantoul; Parker Glen II, the proposed new construction of 3 buildings containing 56 non-elderly units located in Champaign; Housing for Justice Involved Individuals Program, Round 2, the proposed projects will construct or rehabilitate 190 beds for Justice Involved Individuals including 10 projects in the Chicago Metro area, 4 in the Other/Non-Metro area, and 8 in the City; Casa Yucatan, the proposed new construction of an 8 story, 98 unit non-elderly building located in the Lower West Side community in Chicago.

Mr. Bannon concluded: Our department updates are: 1) Universal PPAs, or Preliminary Project Assessments, determinations were communicated to sponsors over the last week. Approved PPAs are eligible to submit Full Applications and the application due dates by program (Permanent Supportive Housing, Non-Congregate Shelter, and 9% LIHTC) are: PSH - February 13, 2025, NCS - February 20, 2025, and 9% LIHTC - March 6, 2025. In the last three months of 2024, 22 projects are expected to have closed, representing approximately 40% of the multifamily unit production for the year.

II.C. Single Family/Homeownership Update

Mr. Nestlehut stated: Homeownership reservations for the month of November 2024 totaled just over \$71 million in first mortgages, we had a variance decrease of 46% by loan count and 37% by loan volume compared to the same month in 2023. Please note that 2023 was a banner year where IHDA achieved the highest volume in history; we are simply returning to a more normalized volume flow. As of 11/30/24, we are at 5,903 reservations for \$1.16 billion in loan amounts for CY2024.

Mr. Nestlehut continued: Breakdown of IHDA DPA offerings were as follows: Access 4%, our forgivable program, accounted for 18% of total volume, Access 5%, our deferred program, made up 36%, and Access 10%, our repayable program, made up the remaining 46%. Chicagoland was the largest of the regions by loan count and volume, followed by Central, Northwest, and Southern. As of 11/30/24, our pipeline is just over \$292 million which includes the number of loans reserved, not yet purchased and loans purchased not yet pooled. Average count is 55 days from reservation to purchase by our master servicer.

Mr. Nestlehut 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. The rate gap has narrowed in the past month.

Mr. Nestlehut continued: IHDA Demographic Analysis compared to State of IL year-to-date race comparisons through 11/30/24, those who identify as Black or African American households of IHDA's purchased loans was 16.6% 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 30.4% compared to the State of IL total population at 18.3%.

Mr. Nestlehut continued: This slide shows the year-to-date comparison for years 2021-2024. The purple line is 2024 YTD, compared to the last 3 calendar years. Removing 2023 from the analysis, we are relatively in line with previous years.

Mr. Nestlehut concluded: Lastly, here is a brief update on the recently re-launched SmartBuy Program. December 2nd, we had a soft launch with Conventional loans; December 11th, official launch with Governor's Press Conference and addition of FHA; We held six (6) trainings to nearly 2,200 lenders, realtors, and community agencies; To date, sixty-four (64) Lenders have signed up; and an Eblast was sent to nearly 50,000 borrowers, lenders, realtors, community agencies, and community/city colleges.

III.A.1. Multifamily Housing Revenue Note, Series 2025 (Casa Yucatan)

Mr. Babcock stated: IHDA will issue Multifamily Housing Revenue Note, Series 2025 (Casa Yucatan) to finance the acquisition and construction of a 70-unit non-elderly development located at 1609 West 21st Place, in the Pilsen and Heart of Chicago neighborhoods in Chicago. The Series 2025 Note will be privately placed with CIBC Bank USA, or an affiliate thereof. This is conduit financing, the Series 2025 Note will be tax-exempt, variable rate, short term, and privately placed. For the permanent financing, IHDA will issue a $1,805,000 Federal Financing Bank loan which will be locked in a fixed rate via a forward starting interest rate swap and have a 35 year maturity. The interest rate risk is mitigated by purchasing an interest rate hedge to protect against upward rate movement of up to 125 basis points. If the FFB rate were to decrease by conversion, IHDA would owe a payment to the counterparty. If the rates rise beyond 125 basis points between initial and final closing, the permanent loan amount would go down, as we are fixing the debt service payment. The decrease in the FFB loan amount would create a shortfall which would then be mitigated by the Affordable Housing Surplus Loan with a not to exceed amount of $500,000, to provide necessary proceeds protection.

Mr. Babcock continued: Today's request is for the issuance of Multifamily Housing Revenue Note Series 2025 (Casa Yucatan) in an amount not to exceed $1,805,000, with an interest rate not to exceed 15% or the maximum interest rate permitted under Illinois law, and a final maturity no later than March 1, 2030. We also wish authorization for a Federal Financing Bank (FFB) Loan with Risk Sharing not to exceed 87% LTV and 1.15 DCR stress-test through year 20 (currently anticipated to be $1,805,000). Additionally, we wish to authorize entering into an interest rate swap agreement with an approved Counterparty to use such interest rate swap agreement for the Project to protect IHDA's risk regarding the interest rate on the loan to be conveyed to FFB. Lastly, we wish authorization for an Associated Affordable Housing Surplus

(AHS) Loan in an amount not to exceed $500,000. This project has an expected closing date of March 7, 2025. A list of transaction participants was also shared.

IV. Mr. Tornatore adjourned the meeting at 10:19 a.m.