



November 9, 2017

**\$65,000,000 (not-to-exceed amount)
 2017 IAVF Windy City Fox Run LLC; 2017 IAVF Windy City Parkside LLC; 2017
 IAVF Windy City Shaddle LLC; and 2017 IAVF Windy City Villabrook LLC
 (Windy City Portfolio Project)**

REQUEST	<p>Purpose: Bond proceeds will be used by special purpose affiliates of the Better Housing Foundation, an Ohio nonprofit corporation (and 501(c)(3) corporation) (“BHF” or the “Sole Member”), as the sole member of (a) 2017 IAVF Windy City Fox Run LLC, (b) 2017 Windy City Parkside LLC, (c) 2017 IAVF Windy City Shaddle LLC, and (d) 2017 IAVF Windy City Villabrook LLC, each a Florida limited liability company (individually a “Borrower” and collectively, the “Borrowers”), to: (i) pay a portion of the costs of acquisition, rehabilitation, and equipping of 4 multifamily affordable residential rental properties with approximately 528 residential housing units (at the addresses identified on pp. 6-7 of this report and collectively, the “Projects”), (ii) fund one or more debt service reserve funds for the benefit of the Series 2017 Bonds, and (iii) pay a portion of the costs of issuance relating to the Series 2017 Bonds, all as permitted by the Illinois Finance Authority Act (collectively, the “Financing Purposes”).</p> <p>Program: Conduit 501(c)(3) Revenue Bonds</p> <p>Volume Cap Not Required: This financing will not require Volume Cap due to the 501(c)(3) ownership status of the Sole Member of the limited liability company that will be purchasing the subject 4-property portfolio. The Bonds will be issued to also satisfy the <u>low- and moderate-income tenant income requirements</u> specified under Section 142(d) of the Internal Revenue Code of 1986, as amended. Additionally, each of the 4 properties will be subject to Land Use Restriction Agreements and a Tax Regulatory Agreement that will require that the properties comply with applicable tenant income restrictions and limit rental rates until the later of (i) a minimum of 15 years following the date of closing or (ii) until the IFA Series 2017 Bonds are paid in full. Additionally, (a) a minimum of 75% of the units must be allocated for lease to income qualified low- and moderate income individuals and families earning less than 80% of the area median gross income (adjusted for family size) and (b) a minimum of 40% of the units must be allocated for lease to income qualified individuals and households earning less than 60% of the median gross income.</p> <p>Extraordinary Conditions: None.</p>								
BOARD ACTIONS	Final Bond Resolution (One-time consideration)								
MATERIAL CHANGES	None. This is the first time this Project has been considered by the IFA Board of Directors.								
JOB DATA (ILLINOIS)	<table border="0"> <tr> <td style="padding-right: 20px;">9</td> <td>Current jobs</td> <td style="padding-right: 20px;">1-2</td> <td>New jobs projected</td> </tr> <tr> <td>N/A</td> <td>Retained jobs</td> <td>4-5</td> <td>Construction jobs projected</td> </tr> </table>	9	Current jobs	1-2	New jobs projected	N/A	Retained jobs	4-5	Construction jobs projected
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DESCRIPTION	<ul style="list-style-type: none"> ● Project Locations: 4-property multifamily housing portfolio located in Addison (DuPage County), Glen Ellyn (DuPage County), Mundelein (Lake County), and St. Charles (Kane County) (Please see pp. 6-7 for the addresses of the 4 Project sites.) ● Type of entity: Each Borrower is a Florida limited liability company and is a single purpose legal entity formed to acquire, rehab, equip and own the subject 4-property, 528-residential unit multifamily portfolio, on behalf of their sole Member (i.e., the Better Housing Foundation). ● The Better Housing Foundation, Inc., a nonprofit organization incorporated under Ohio law and established in 2015, will engage (through its legal affiliates) The Lynd Company of San Antonio, Texas (“Lynd” or the “Property Manager”) to manage the subject 4-property, 528-unit residential unit affordable multifamily rental portfolio following the acquisition. Lynd is a national property management company foundation and its affiliates manage 212 properties with 35,000 rental apartment units nationally (which include several affordable properties) located in 16 states. The subject properties will be the first four properties managed by Lynd in Illinois. <ul style="list-style-type: none"> ● A corporate affiliate of The Lynd Company (Lynd Opportunity Partners, LLC) is serving as the Acquisition Consultant (the “Consultant”) pursuant to an Acquisition Services Agreement with BHF. Pursuant to this Agreement, the Consultant will provide advisory services (including upfront financing) related to the acquisition, design, planning, financing, rehabilitation of the Projects. The Consultant will be paid a one-time fee upon issuance of the Series 2017 Bonds in consideration for cost reimbursement. ● Overall, this will be the third portfolio of affordable rental housing projects acquired by the Better Housing Foundation (or its affiliates) in Illinois and will be the third financed by the Authority since July 2016. All three issues maintain (or have been assigned) investment grade ratings by S&P Global Ratings. ● Additionally, the Better Housing Foundation will engage the Invest in America’s Veterans Foundation (“IAVF”) as the Social Services Provider. BHF intends to work with IAVF to (i) rent a small number of units in each of the four properties to veterans and (ii) provide general educational, job training, and social service support to veterans residing in the general market areas of the 4 projects (Addison, Glen Ellyn, Mundelein and St. Charles). 								

	<p>● The 4 properties will be subject to a Land Use Restriction Agreement (“LURA”) and a Tax Regulatory Agreement that will impose tenant income restrictions on the properties requiring that: (i) a minimum of 75% of the financed units shall be leased to individuals or families earning less than 80% of Area Median Income (adjusted for family size) in the Chicago-Joliet-Naperville MSA and (ii) a minimum of 40% of the units (i.e., 211 out of 528) shall be leased to individuals or families earning less than 60% of Area Median Income (adjusted for family size in the greater Chicago MSA). These same tenant income restrictions were also applicable to the prior IFA-financed Better Housing Foundation financings in 2016 (BHF Shoreline Portfolio) and in 2017 (BHF WPD/Icarus Portfolio). <u>These LURA and Tax Regulatory Agreements will assure that a minimum of 75% of the units (i.e., 396 out of 528) will be leased to low- and moderate-income tenants earning less than 80% of area median income for a minimum of 15 years or until the IFA Bonds are retired.</u></p>																									
CREDIT INDICATORS	<p>● The plan of finance contemplates Bonds to be sold in 3 series (and comprised 2 senior series (1 tax-exempt; 1 taxable to cover non-qualified costs); and 1 subordinate series (tax-exempt)).</p> <p>● On October 13, 2017, S&P Global Ratings (“S&P”) assigned the Senior Tax-Exempt Series 2017A-1 and Senior Taxable Series 2017A-2 Bonds ratings of ‘A-’ (S&P) while the Subordinate Tax-Exempt Series 2017B Bonds were assigned a rating of ‘BBB-’ (S&P).</p>																									
SECURITY	<p>● The Bonds will be secured by Project Revenues and a First Mortgage on the subject properties (Project) and a collateral assignment of Rents and Leases. <i>Also see the headings titled “Security – Senior Series 2017A...” (see p. 4) and “Security – Subordinate Series 2017B Tax Exempt Bonds” (see p. 5).</i></p>																									
MATURITY	<p>● Pursuant to the Bond Resolution the proposed Bonds will mature no later than 40 years from the issuance date (Note: the anticipated final maturity date is presently December 2052 (35 years).)</p>																									
SOURCES AND USES (SUBJECT TO CHANGE – ALSO SEE P. 3) ESTIMATED	Sources: Senior Series 2017A-1 Tax-Exempt Bonds \$47,875,000 Series 2017A-1 (Original Issue Discount) (1,096,726) Series 2017A-2 (Taxable) Bonds 2,340,000 Subordinate Series 2017B Tax-Exempt Bonds 7,680,000 Series 2017B (Original Issue Discount) (160,436) Total <u>\$56,637,838</u>	Uses: Acquisition – 4 Properties (528-units) \$50,075,000 Rehabilitation 525,000 Third Party Reports & Other Pre-Acquisition Costs 813,645 Settlement Statement Expenses 175,000 Escrowed Real Estate Taxes (24 mo.’s) 1,945,000 Debt Service Reserve Fund 1,827,899 Costs of Issuance <u>1,276,294</u> Total <u>\$56,637,838</u>																								
RECOMMENDATION AND CONDITIONS	<p>Credit Review Committee recommends approval.</p> <ul style="list-style-type: none"> ● The proposed Bond issue was assigned ratings of ‘A-’ and ‘BBB-’ from S&P Global Ratings as of October 13, 2017. Accordingly, these Bonds satisfy IFA Bond Program Handbook requirements necessary to sell the Bonds in minimum denominations of \$5,000 based on these investment grade ratings. 																									
REPORT CONTENTS	<table border="0"> <thead> <tr> <th style="text-align: left;"><u>Content</u></th> <th style="text-align: right;"><u>Pages</u></th> </tr> </thead> <tbody> <tr> <td>1. Summary/Overview/Recommendation and Conditions</td> <td style="text-align: right;">1-2</td> </tr> <tr> <td>2. Estimated Sources and Uses of Funds Summary</td> <td style="text-align: right;">3</td> </tr> <tr> <td>3. Description of Financing Structure; Bond Ratings; Project Rationale</td> <td style="text-align: right;">4-6</td> </tr> <tr> <td>4. Project Summary (Project Description from Bond Resolution)</td> <td style="text-align: right;">6-7</td> </tr> <tr> <td>5. The Borrowers, The Sole Member, The Acquisition Consultant & The Property Manager</td> <td style="text-align: right;">7-9</td> </tr> <tr> <td>6. Summary Characteristics of the 4 Property Portfolio and Due Diligence Reports</td> <td style="text-align: right;">9-11</td> </tr> <tr> <td>7. Project Regulation - Land Use Restriction Agreement & Tax Regulatory Agreement</td> <td style="text-align: right;">12</td> </tr> <tr> <td>8. Overview of Proposed Services to Veterans – IAVF</td> <td style="text-align: right;">12</td> </tr> <tr> <td>9. Economic Disclosure Statement (includes disclosure on Sellers) & Professional Team</td> <td style="text-align: right;">13-14</td> </tr> <tr> <td>10. Site Map of the 4 Properties</td> <td style="text-align: right;">14-15</td> </tr> <tr> <td>11. Confidential Information</td> <td style="text-align: right;">16+</td> </tr> </tbody> </table>		<u>Content</u>	<u>Pages</u>	1. Summary/Overview/Recommendation and Conditions	1-2	2. Estimated Sources and Uses of Funds Summary	3	3. Description of Financing Structure; Bond Ratings; Project Rationale	4-6	4. Project Summary (Project Description from Bond Resolution)	6-7	5. The Borrowers, The Sole Member, The Acquisition Consultant & The Property Manager	7-9	6. Summary Characteristics of the 4 Property Portfolio and Due Diligence Reports	9-11	7. Project Regulation - Land Use Restriction Agreement & Tax Regulatory Agreement	12	8. Overview of Proposed Services to Veterans – IAVF	12	9. Economic Disclosure Statement (includes disclosure on Sellers) & Professional Team	13-14	10. Site Map of the 4 Properties	14-15	11. Confidential Information	16+
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**ILLINOIS FINANCE AUTHORITY
 BOARD SUMMARY
 November 9, 2017**

Project: Windy City Portfolio Project (Borrowers: 2017 IAVF Windy City Fox Run LLC; 2017 IAVF Windy City Parkside LLC; 2017 IAVF Windy City Shaddle LLC; and 2017 IAVF Windy City Villabrook LLC)

STATISTICS

Project Number:	12412	Amount:	\$65,000,000 (not-to-exceed amount)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Rich Frampton and Brad R. Fletcher
Locations:	Addison, Glen Ellyn, Mundelein, and St. Charles	County/Region:	DuPage, Lake, and Kane Counties/Northeast

BOARD ACTION

Final Bond Resolution (one-time consideration)	
Conduit 501(c)(3) Revenue Bonds	No IFA funds at risk
Credit Review Committee recommends approval	No extraordinary conditions

VOTING RECORD

This is the first time this Project has been considered by the IFA Board of Directors.

PURPOSE

Bond proceeds will be issued in one or more series and used by the Borrowers to finance the acquisition and rehabilitation of 4 multifamily properties with 528 units located in Addison, Glen Ellyn, Mundelein, and St. Charles. Additionally, bond proceeds will be used to capitalize debt service reserves and to pay costs of issuance. Details regarding the 4 properties to be acquired are presented on pp 6-7.

IFA PROGRAM AND CONTRIBUTION

501(c)(3) Bonds are a form of municipal bond financing that 501(c)(3) corporations can use to finance capital projects that will be used to further their charitable mission. IFA's issuance will convey federal income tax-exempt status on interest earned on the Bond paid to bondholders, thereby reducing the Borrower's interest expense.

VOLUME CAP

501(c)(3) Bonds do not require Volume Cap.

ESTIMATED SOURCES AND USES OF FUNDS (SUBJECT TO CHANGE)

Sources:		Uses:	
Senior Series 2017A-1 Bonds (Tax-Exempt)	\$47,875,000	Acquisition – 4 Projects	\$50,075,000
Series 2017A-1 Bonds (Discount)	(1,096,726)	Rehabilitation	525,000
** Senior (Taxable) Series 2017A-2 Bonds	2,340,000	Third Party Reports & Other Pre-Acquisition Costs	813,645
		Settlement Statement Expenses	175,000
Subordinate Series 2017B (Tax-Exempt)	1,421,775	Escrowed Real Estate Taxes (24 mo's.)	1,945,000
Subordinate Series 2017B Bonds (Discount)	<u>(160,436)</u>	Debt Service Reserve Fund	1,827,899
		Costs of Issuance	<u>1,276,294</u>
Total	<u>\$56,637,838</u>	Total	<u>\$56,637,838</u>

****Note: Taxable proceeds are primarily expected to fund a Real Estate Tax Escrow (sufficient to cover 2 years of real property taxes) and Costs of Issuance that exceed 2% of bond proceeds.**

- (ii) not less than 1.10 to 1.00 debt service coverage on combined payments relating to all Outstanding Senior and Subordinate Bonds (i.e., combined Debt Service Coverage on all IFA Senior Series 2017A-1/A-2 Bonds and IFA Subordinate Series 2017B Bonds issued for the Financing Purposes).
- In the event that the Borrower is unable to satisfy the applicable Coverage Test requirements, the Borrower will be required to engage an external management consultant with expertise in matters relating to owning and operating multifamily residential rental housing properties to make recommendations with respect to the operations of the Projects and the sufficiency of rates, fees, and charges imposed by the Borrower in order to improve the applicable Debt Service Coverage Ratios to satisfy the applicable Coverage Tests.
 - **Note:** *as provided for in the bond documents and disclosed in the Preliminary Official Statement, failure to satisfy the Rate Covenant will not constitute an Event of Default with respect to the Bonds.* Additionally, the ability of the Borrower to increase Project rents may be limited by the applicable Land Use Restriction Agreements for these properties (which impose tenant income requirements on a minimum of 75% of the units).

Proceeds of the Taxable Series 2017A-2 Bonds will be used to pay excess costs of issuance and other costs that are not eligible for tax-exempt financing.

Security –
Subordinate
Series 2017B
Tax-Exempt
Bonds:

The Subordinate Series 2017B Bonds (the “Subordinate Bonds”) will be secured by the same security as the Senior Series 2017A-1 and Senior Series 2017A-2 Taxable Bonds (the “Senior Bonds”), but are subordinate in all respects to the Senior Bonds.

- **Note:** A payment default on the Subordinate Bonds alone *will not* constitute an Event of Default on the IFA Series 2017 Bonds while the Series 2017 Senior Bonds remain outstanding.

Ratings: As of October 13, 2017, S&P Global Ratings (“S&P”) has assigned ratings of ‘A-’ on the Senior Tax-Exempt Series 2017A-1 Bonds and Senior Taxable Series 2017A-2 Bonds and assigned a rating of ‘BBB-’ on the Subordinate Series Tax-Exempt 2017B Bonds.

The Key Structuring Element Supporting the S&P Debt Rating is the Flow of Project Revenues Described Below Under Which Bondholders Are Paid First, Before Operating Expenses: The key structuring element underlying the S&P rating on this and prior multifamily transactions that have been assigned investment grade ratings under this structure is the priority of payment on both the Senior and Subordinate Bonds relative to operating expenses. S&P’s methodology assumes that debt service to bondholders is paid first, before operating expenses.

Maturity: Not later than 2057 (i.e., 40 years from issuance date; maximum parameter). The anticipated final maturity date is in 35 years (2052) based on S&P’s assigned ‘A-’/ ‘BBB-’ ratings assigned to the Senior Series 2017A1/A2 Bonds and the Subordinate Series 2017B Bonds, respectively.

Estimated
Interest Rates: The estimated all-in interest rate on the 3 series of Bonds is estimated to range between 4.95% and 5.45% based on market conditions (and market expectations) as of 10/9/2017.

Estimated
Closing Date: November 22, 2017

Rationale / Project

Impact: Creation of new, land-use restricted affordable housing units (with improvements) at 4 properties that will preserve the existing 528 residential units as affordable rental housing for a minimum of 15 years or until the IFA Bonds are paid in full (whichever is later).

Each of the 4 Projects will be subject to its own Land Use Restriction Agreement that will be in effect for a minimum of 15 years (i.e., 2032) after the date of closing of the proposed IFA Series 2017 Bonds. The maximum term of each Land Use Restriction Agreements associated with the IFA Series 2017 Bonds will coincide with the final maturity date of the IFA Series 2017 Bonds (unless any IFA Tax-Exempt Bonds (or Tax-Exempt Refunding Bonds) are paid in full prior to the final maturity date). (*Also see "Land Use Restriction Agreements" – p. 12.*) These Land Use Restriction Agreements along with a Tax Regulatory Agreement will assure that these properties are subject to more stringent income-based tenant limitations as a result of Better Housing Foundation's acquisition of these properties.

The proposed Social Services Provider for the Project (the Invest in America's Veterans Foundation or "IAVF") owns several affordable rental property portfolios located in other states. The IAVF provides housing assistance services to veterans through its participation involvement in the HUD-VASH assistance program (including in properties directly owned by IAVF in Florida, and Louisiana). (*See p. 12 for additional information on IAVF and HUD-VASH.*)

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds will be used **Better Housing Foundation, Inc.**, an Ohio nonprofit corporation (and 501(c)(3) corporation) ("**BHF**" or the "**Sole Member**"), as the Sole Member of (a) **2017 IAVF Windy City Fox Run LLC**, (b) **2017 Windy City Parkside LLC**, (c) **2017 IAVF Windy City Shaddle LLC**, and (d) **2017 IAVF Windy City Villabrook LLC**, each a Florida limited liability company (individually a "**Borrower**" and collectively, the "**Borrowers**"), to: (i) pay a portion of the costs of acquisition, rehabilitation, and equipping of 4 multifamily affordable residential rental properties with approximately 528 residential housing units (at the addresses identified under the description "*The Four Projects*" below (*see pp. 6-7*) and collectively, the "**Projects**"), (ii) fund one or more debt service reserve funds for the benefit of the Series 2017 Bonds, and (iii) pay a portion of the costs of issuance relating to the Series 2017 Bonds, all as permitted by the Illinois Finance Authority Act (collectively, the "**Financing Purposes**").

The Four Projects:

The four (4) properties that will be acquired by the Borrowers in connection with the issuance of the Bonds are listed below (each a "**Project**" and collectively, the "**Projects**"), together with a description of the number of residential units in each Project, the location of each Project, the Borrower associated with each Project and the maximum principal amount of bond proceeds allocable to each such Project (the following not-to-exceed parameters were cited in the TEFRA Hearing Notices published for these Projects):

- 1) **Fox Run Apartments** to be owned and operated by 2017 IAVF Windy City Fox Run LLC, is located at 145 Walnut Drive, St. Charles, Illinois 60174 (220 residential units/\$27,000,000 maximum amount of Bonds allocated);
- 2) **Parkside Apartments** to be owned and operated by 2017 IAVF Windy City Parkside LLC, is located at 16 North Parkside, Glen Ellyn, Illinois 60137 (120 residential units/\$14,500,000 maximum amount of Bonds allocated);
- 3) **Shaddle Apartments** to be owned and operated by 2017 IAVF Windy City Shaddle LLC, is located at 40 South Shaddle, Mundelein, Illinois 60060 (70 residential units/\$10,000,000 maximum amount of Bonds allocated); and
- 4) **Villa Brook Apartments** to be owned and operated by 2017 IAVF Windy City Villabrook LLC, is located at 103-195 South Villa, Addison, Illinois 60601 (118 residential units/\$13,500,000 maximum amount of Bonds allocated).

The not-to-exceed amount specified in the Bond Resolution is \$65,000,000.

BUSINESS SUMMARY

The Borrowers: **2017 IAVF Windy City Fox Run LLC, 2017 IAVF Windy City Parkside LLC, 2017 IAVF Windy City Shaddle LLC, and 2017 IAVF Windy City Villabrook LLC** are each a newly-created Florida limited liability company (individually, a “**Borrower**” and collectively the “**Borrowers**”) and single asset entity formed with each established to own one of the four properties described above (see “The Four Projects” on pp. 6-7).

The Borrowers have no officers, directors, or managers and each Borrower is governed by the **Better Housing Foundation**, an Ohio nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and exempt from federal income taxation under Section 501(a) of the Code (the “**Sole Member**”, “**BHF**”, or the “**Foundation**”).

Additional information regarding the Sole Member is provided below (pp. 7-9) under the caption the “Sole Member”.

The Borrowers do not intend to acquire any substantial assets or engage in any substantial business activities other than those related to the ownership and management of the Four Projects and the Borrower is required to be a single asset/sole purpose entity by the Loan Agreement. (However, the Sole Member and other affiliated entities may engage in the acquisition, development, ownership, leasing and management of similar types of housing projects.)

Ownership of the
Projects by the
Borrowers:

The Borrower will be acquiring 4 properties with a total of 528 residential units including properties in Addison (Villa Brook Apartments; 118-units), Glen Ellyn (Parkside Apartments; 120-units), Mundelein (Shaddle Apartments; 70-units), and St. Charles (Fox Run Apartments; 220-units). A site map of the 4 Projects is presented on pp. 14-15.

The four Borrowers have each been established to own, respectively, one of the four properties to be acquired with bond proceeds. None of the 4 Borrowers currently own any assets.

The subject properties will be the only assets owned by the Borrower subsequent to closing of the proposed IFA Series 2017 Bonds. The asset or assets of the Borrower will be the underlying properties owned by it.

Each Borrower does not intend to acquire any substantial assets or engage in any substantial business activities other than those related to the ownership of the property each Borrower acquires in connection with the proposed IFA Series 2017 Bonds

The Sole
Member:

The **Better Housing Foundation** (“**BHF**” or the “**Sole Member**”) is an Ohio nonprofit corporation formed for the purpose for the purpose of providing quality, affordable housing to persons of low income across the United States. The Sole Member received a determination letter from the IRS dated April 23, 2015 for its tax-exempt status as an organization described in Section 501(c)(3) of the Code.

The Sole Member does not own any assets. Rather, BHF is the sole member of several special purpose entities whose assets consist solely of affordable rental housing properties acquired in connection with the issuance of tax-exempt bonds.

Prior BHF Conduit
Bond Issues
through IFA:

To date BHF has used proceeds of two IFA Bond issue to finance the acquisition of two portfolios of affordable rental apartment properties since 2016. Both portfolios of project acquired with IFA Bond proceeds currently maintain the investment grade ratings assigned to those bond issues at the time of issuance.

1. In **May 2017**, IFA issued **\$51,805,000 of Bonds** to finance the acquisition of the 45-property, 518-unit Icarus-WPD Portfolio) located on the South Side of Chicago. BHF is the Sole Member of the Project Owner (i.e., BHF Chicago Housing Group B LLC). The senior and subordinate series of Icarus-WPD Portfolio Bonds were rated ‘A-’ and ‘BBB-’ respectively by S&P Global Ratings. The Series 2017 Bonds (Icarus-WPD Portfolio) currently maintain those ratings.
2. In **July 2016**, IFA issued **\$13,560,000 of Bonds** to finance the acquisition of a 13-property portfolio comprising 262 units located on the South Side of Chicago (Better Housing Foundation Shoreline Portfolio). BHF is the Sole Member of the Project Owner (i.e., Lindran Properties LLC). The senior and subordinate series of Shoreline Bonds were rated ‘BBB’ and ‘BBB-’, respectively, by S&P Global Ratings and the Series 2016 Bonds (Better Housing Foundation Shoreline Portfolio) currently maintain those ratings.

BHF’s

Governance:

The Sole Member is governed by a Board of Directors, which currently consists of five members – who are identified immediately below. Mr. Antonio and Mr. Dayan (#4 and #5 below) are local, Illinois residents who were appointed to serve as BHF Directors within the past year. According to the draft Preliminary Official Statement, each has the following experience managing and working with other affordable housing and other not-for-profit organizations:

1. **Jason Cook, President.** Mr. Cook has been a board member of the Sole Member since its inception in 2015. He is also the president of JPC Charities, a 501(c)(3) not-for-profit corporation based in Rocky River, Ohio that owns over 3,900 units of affordable housing across the Eastern U.S. Mr. Cook is involved in oversight of acquiring, rehabilitating and managing the organization’s multifamily housing projects.
2. **Thomas Kern, Secretary.** Mr. Kern is an attorney at Benesch, Friedlander, Coplan and Aronoff, LLP in Columbus, Ohio. Mr. Kern has a specific interest in providing high quality, low income housing. According to the Appendix A of the draft Preliminary Official Statement, Mr. Kern has diverse experience in serving on various nonprofit boards.
3. **Tracy Hughey, Treasurer.** Ms. Hughey is the Director of Operations for an Ohio-based long term care provider that operates over 20 long term care facilities in Ohio. Ms. Hughey is an experienced leader in the nonprofit community, leading initiatives ranging from education to affordable housing and community development. Ms. Hughey is committed to fulfilling the charitable mission of the Foundation -- providing quality, affordable housing to low income families.
4. **Douglas J. Antonio, Member.** Mr. Antonio is an experienced real estate attorney with extensive experience financing real estate projects structured with various federal, state, and local programs. Mr. Antonio has advised clients that have financed projects using tax-exempt housing bonds, low income housing tax credits, and New Markets Tax Credits. Mr. Antonio is an attorney at Sugar Felsenthal Grais & Hammer LLP in Chicago, Illinois.
5. **Max S. Dayan, Member.** Mr. Dayan currently serves as the Director of Development for the Libenu Foundation of Skokie, Illinois, a non-profit providing supervised group housing serving Jewish adults with developmental disabilities in the Chicago area. Mr. Dayan has been working with the special needs community since 2009, beginning as a direct service provider before becoming a Qualified Intellectual and Developmental Disabilities Professional (“QIDP”) for Clearbrook of Arlington Heights, Illinois in 2013. Clearbrook is a leading service provider to the developmentally disabled.

As to be disclosed in the Preliminary Official Statement for the Series 2017 Bonds (Windy City Portfolio), BHF’s Board is in the process of hiring an Executive Director to oversee the Shoreline Portfolio, the Icarus Portfolio and otherwise manage the corporate affairs of the Borrower. The Executive Director would also manage future properties to be acquired by affiliates of BHF (including the subject Windy City Portfolio).

Consultants

Engaged by the
Sole Member:

The consulting companies engaged by the Borrower (on behalf of the Sole Member) will include (i) an Acquisition Consultant and (ii) a Property Manager.

Note: as reported below, the Acquisition Consultant and Property Manager are affiliated entities under common ownership and management control by the Lynd Company of San Antonio, Texas.

The Acquisition Consultant. The Better Housing Foundation will enter into an Acquisition Services Agreement with **Lynd Opportunity Partners, LLC** (the “**Acquisition Consultant**”). Pursuant to the Acquisition Services Agreement, the Lynd Opportunity Partners, LLC will provide advisory services related to the acquisition, design, planning, financing, and rehabilitation of the Projects. The Acquisition Consultant has funded upfront escrow deposits, and pre-acquisition due diligence reports (e.g., appraisal reports; property condition reports; environmental site assessment reports).

In consideration for paying all pre-acquisition due diligence expenses, the Acquisition Consultant will be paid a one-time fee of \$200,000 upon issuance of the Series 2017 Bonds. A portion of the Bond Proceeds associated with the first two IFA Better Housing Foundation portfolio acquisition pools was also used to finance these pre-acquisition due diligence expenses.

The Property Manager. The Projects will be managed by **The Lynd Company**, a Texas C Corporation established in 1980 and based in San Antonio, TX (“**Lynd**” or the “**Manager**”). The Manager currently manages a total of approximately 170 properties with approximately 35,000 units in 16 states and 50 metropolitan areas, including several affordable properties in multiple markets. Lynd employs 50 people in its multifamily property management division nationally. See www.LyndWorld.com for additional information.

The 4 subject properties will be Lynd’s first under management in the Chicago metro market. According to Lynd, the Company intends to hire a full-time manager for the Chicago metro area when the Company’s has a minimum of 8 multifamily properties in the Chicago metro market.

Under the Management Agreement, the Manager will be paid a monthly fee. The initial monthly Management Fee will equal approximately 4.00% of effective gross income for the four Windy City Portfolio Projects.

**Summary
Characteristics
of the 4
Portfolio
Projects:**

The 4-property portfolio to be purchased with the IFA Series 2017 Bonds is comprised of 528 residential units. The addresses of the 4 properties are identified below on p.13 of this report.

All 4 properties are currently market rate properties. Tenants would be able to use HUD Housing Choice (“HUD HCV”) Vouchers or the HUD-VASH Program to assist with payments towards these rents. Notably, rents on all 372 1-Bedroom and four (4) 3-Bedroom units at the four properties are lower than HUD Fair Market Rents reported for the Chicago MSA. Accordingly, approximately 376 (i.e., 71%) of the 528-units feature rents that are lower than HUD Fair Market Rents in the Chicago MSA. Presently, the four properties do not have a significant number of HUD HCV and HUD-VASH tenants (for whom the 1-Bedroom and 3-Bedroom units would be particularly desirable given existing monthly rents).

Note: Internal Revenue Code requirements resulting from the BHF acquisition and the proposed tax-exempt bond financing only impose tenant income restrictions on the 4 properties. The proposed Series 2017 Bonds will not impose any IRS-mandated monthly rent restrictions on the 4 properties.

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Current unit mixes, monthly rents, and amenities at each of the four properties are described in the table immediately below.

Windy City Portfolio Rents - By Project (as of 10/1/2017)					
Property	1-Bedroom	2-Bedroom	3-Bedroom	# Units - Total/ Composite	Occupancy (Physical) - By Property
Fox Run - St. Charles - Rents	\$975 - \$1,050	\$1,325	\$1,388		
# Units by Type	160	56	4	220	95.0%
Square Footage	650-780	1,200	1,430		
Parkside - Glen Ellyn - Rents	\$995	\$1,350	NA		
# Units by Type	88	32	0	120	91.0%
Square Footage	700	1000	N/A		
Shaddle - Mundelein - Rents	\$1,013 - \$1,075	\$1,250	NA		
# Units by Type	6	64	0	70	96.0%
Square Footage	400-450	875	N/A		
Villa Brook - Addison - Rents	\$790 - \$925	NA	NA		
# Units by Type	118	0	0	118	97.0%
Square Footage	560	N/A	N/A		
Total Units by Unit Type:	372	152	4	528	
Composite Occupancy Rate - 4 Property Portfolio:					94.7%

Source: The Borrowers

HUD Fair Market Rents - FY 2016 and FY 2017				
Chicago - Joliet - Naperville HUD Metro Fair Market Rents - By # Bedrooms				
	Efficiency	1BR	2BR	3BR
FY 2017	\$ 912	\$ 1,055	\$ 1,232	\$ 1,569
FY 2016	\$ 860	\$ 1,001	\$ 1,176	\$ 1,494
% Change:	6.05%	5.39%	4.76%	5.02%

Source: U.S. Department of Housing and Urban Development's website

Historic
 Occupancy
 Rates:

The historical physical occupancy rates for the past 4 years for each the 4 properties and the weighted average are reported in the table below. In 2015, occupancy rates of less than 90% were posted at Fox Run (St. Charles), Parkside Apartments (Glen Ellyn), and Villa Brook Apartments (Addison) while Shaddle Apartments (Mundelein) posted an 85% occupancy rate in 2016. The current owner of the properties (affiliates of Windy City RE, LLC) had allowed leases to expire to provide vacancies to facilitate rehabilitation of units. Following rehabilitation, the units were re-tenanted and rental income rebounded. Subsequent to acquisition by the Borrowers, additional renovations and repairs are contemplated to complete rehab work at these properties (see p. 11).

Windy City Portfolio - Historical Occupancy - for FYE December 31,					
	Project	9/30/2017 (9-	2016	2015	2014
		months)			
1	Fox Run Apartments - St. Charles, IL	95%	95%	85%	95%
2	Parkside Apartments - Glen Ellyn, IL	91%	96%	60%	95%
3	Shaddle Apartments - Mundelein, IL	96%	85%	95%	95%
4	Villa Brook Apartments - Addison, IL	97%	95%	70%	95%

Note: Lower reported occupancies in 2015 and 2016 reflected units/properties undergoing substantial rehabilitation.

Source: Sellers - as of 10/1/2017

Note: The Borrowers forecast physical occupancy to be at least 95% going forward.

Property Condition
 Assessment
 Reports:

Dominion Due Diligence Group, Inc. of Midlothian, Virginia was engaged to prepare a **Property Condition Assessment** report for each of the four Projects with dates of inspection occurring on February 27, 2017 through March 2, 2017.

The table below (i) identifies the estimated costs of “critical repairs” and “non-critical repairs” to be completed at each Project and (ii) capital expenditures at each Project undertaken by the Seller since 2015.

Windy City Portfolio - Property Condition Assessment & Renovation Report						
Project No.	Project	Year Constructed	Year Substantially Renovated	Critical Repairs (to be bond-financed)	Non-Critical Repairs (to be bond-financed)	Capital Expenditures by Seller since 2015
1	Villa Brook Apartments - Addison (118 units)	1962	2015	\$ 1,900	\$ 316,236	\$ 1,396,637
2	Parkside Apartments - Glen Ellyn (120 units)	1963	2015	\$ 3,855	\$ 7,217	\$ 3,553,309
3	Shaddle Apartments - Mundelein (70 units)	1970	2016	\$ 5,200	\$ 311,216	\$ 613,760
4	Fox Run Apartments - St. Charles (220 units)	1973	2015	\$ 6,250	\$ 27,523	\$ 1,481,035
TOTAL:				\$ 17,205	\$ 662,192	\$ 7,044,741

NOTE: proposed renovations of \$98,420.00 remain at (#1) Villa Brook Apartments while renovations of \$299,861.68 remain at (#3) Shaddle Apartments. These improvements will complete the final phase of renovations at Villa Brook and Shaddle.

The aggregate capital expenditures undertaken by the Seller since 2015 at the 4 properties totaled \$7,044,741 (or approximately \$13,342 per unit). As noted in the table above, the Villa Brook Apartment project has approximately \$98,420 of Non-Critical Repairs remaining while Shaddle Apartments has approximately \$299,862 of Non-Critical Repairs remaining. The remaining non-critical repairs identified above will complete remaining renovations at the 4-property Windy City Portfolio.

Based on the summaries of the Property Condition Reports, the 4 properties have maintained high occupancy rates (composite average occupancy rate of approximately 94.7% as of 10/1/2017) and are generally in good repair according to the Property Condition Reports that will be summarized in Appendix A to the Preliminary Official Statement.

To the extent any other building condition issues are identified at any of the 4 properties prior to closing on the subject acquisition, the Seller will be obligated to remedy any such building condition issues.

Repair &
 Replacement
 Reserve:

Additionally, the Borrower has budgeted (i.e., \$300 per unit-per year) of Repair & Replacement Reserve Expenses to properly reflect ongoing investments necessary to maintain the 4 properties. This amount was submitted to S&P in connection with their ratings assessment.

Phase I
 Environmental
 Audit Reports:

The Borrower obtained an independent Phase I Environmental Site Assessment prepared by **Dominion Environmental Services, Inc.** of Midlothian, Virginia (and **National Due Diligence Services** of Orlando, Florida) for each of the 4 properties (the “**Environmental Assessments**”) in connection with inspections completed February 27, 2017 through March 2, 2017. **Conclusion:** The Environmental Assessments provided no evidence of recognized environmental conditions and no further investigations were recommended.

PROJECT REGULATION: LAND USE RESTRICTION AND TAX REGULATORY AGREEMENTS

Will Provide for Tenant Income Restrictions on a Minimum of 75% of the 528 Units for a Minimum Period of 15 Years (or Until the IFA Bonds are Paid in Full)

Land Use Restriction Agreements (“LURA”). All 4 properties to be acquired with the IFA Series 2017 Bonds will be subject to a Land Use Restriction Agreement under which the Borrower (and any successor as Owner) will be obligated (pursuant to Section 142(d) of the Internal Revenue Code of 1986 and during the Qualified Project Period (i.e., a minimum of 15 years from the closing date or the date on which the Series 2017 Bonds or any Refunding Bonds are repaid in full) at least 40% of the completed units be occupied by families or individuals whose adjusted income does not exceed 60% (adjusted for family size) of the median gross income for the area.

Tax Regulatory Agreement. The Tax Regulatory Agreement will impose additional requirements relating to the 501(c)(3) tax-exempt treatment of the Sole Member, including the requirement that a minimum of 75% of the units in the Projects be rented to persons whose income does not exceed 80% (adjusted for family size) of the area median gross income. Accordingly, upon acquisition by the Borrower, these properties must maintain a higher percentage of below-median-income units than specified by standard HUD income restrictions.

OVERVIEW OF PROPOSED SERVICES TO VETERANS

IAVF and
the Windy City
Portfolio
Properties:

As vacant units become available the Better Housing Foundation, Property Manager (The Lynd Company), and the Social Services Provider (Invest in America’s Veteran’s Foundation – IAVF) will work with the VA to make qualified veterans aware of future vacancies at the four Windy City Portfolio properties. It is anticipated that a few veterans will be integrated into vacant units at the four properties as they become available.

IAVF will provide staff and resources towards job placement, counseling, and other supportive services for veterans (including residents at these properties).

Additionally, VA case managers may connect these veterans with support services such as health care, mental health treatment and substance use counseling to help them in their recovery process and with their ability to maintain housing in the community.

A portion of surplus cash flow (after all debt service payments have been made and all reserve requirements satisfied) will be allocated to IAVF to provide social services to the area veterans community.

The HUD-VA
Supportive
Housing
Program:

Income-qualified veteran tenants may also take advantage of the **HUD-VA Supportive Housing Program (“HUD-VASH”)**, which is a collaborative program between the **U.S. Department of Housing and Urban Development (“HUD”)** and the **Veterans Administration (“VA”)**.

HUD-VASH focuses on providing income-qualified rental assistance vouchers for privately owned housing. Additionally, VA case managers may connect these veterans with support services such as health care, mental health treatment and substance use counseling to help them in their recovery process and with their ability to maintain housing in the community.

Among VA homeless continuum of care programs, HUD-VASH enrolls the largest number and largest percentage of veterans who have experienced long-term or repeated homelessness. As reported on HUD’s website, of Sept. 30, 2015, HUD had allocated more than 78,000 vouchers to help house veterans across the U.S.

ECONOMIC DISCLOSURE STATEMENT

Applicant/
Sole Member of

Borrowers: Better Housing Foundation, c/o Mr. Jason Cook, President, Better Housing Foundation, 6932 Rings Rd., #234, Amlin, OH, 43002, Tel.: 440.552.0872

Alternate
Contact – Counsel

to Sole Member: Ms. Meredith Rosenbeck, Esq., Rosenbeck Law, LLC, 5701 Tynecastle Loop, Dublin, OH 43016; Tel: 614.546.8042; Email: mrosenbecklaw@yahoo.com

Social Services

Provider to BHF: Invest in America’s Veterans Foundation, c/o Mr. Ralph Santillo, Founder/President, 4820 Leonard Street, Cape Coral, FL 33904; Tel.: 239.541.8704

Site Locations: The 4 site locations are identified (see site maps on pp. 15-16).

Project Name: Illinois Finance Authority, 501(c)(3) Revenue Bonds (Windy City Portfolio Project), Senior Tax-Exempt Series 2017A-1, Senior Taxable Series 2017A-2 and Subordinate Tax-Exempt Series 2017B

Governance
of the Sole
Member

and 4 Borrowers: The four **Borrowers ((i) 2017 IAVF Windy City Fox Run LLC, (ii) 2017 Windy City Parkside LLC, (iii) 2017 IAVF Windy City Shaddle LLC, and (iv) 2017 IAVF Windy City Villabrook LLC)** are each Florida limited liability companies. The Sole Member of each of the four Borrowers is the **Better Housing Foundation** of Amlin, Ohio, a 501(c)(3) corporation and Ohio nonprofit corporation. The Better Housing Foundation is governed by a five-member board, which currently consists of the following Members:

- Mr. Jason Cook, President (Rocky River, Ohio)
- Mr. Thomas Kern, Secretary (Columbus, Ohio)
- Ms. Tracy Hughey, Treasurer (Columbus, Ohio)
- Mr. Douglas J. Antonio, Member (Chicago, Illinois)
- Mr. Max Dayan, Member (Skokie, Illinois)

Real Estate
Advisor to
Borrower/ Sole

Member: Lynd Opportunity Partners, LLC, 8000 Interstate 10, San Antonio, Texas, 78230; Contact: Mr. A. David Lynd, CEO, 210.798.8129

Property
Manager –

Post-Closing: The Lynd Company, 8000 Interstate Highway 10 West, Suite 1200, San Antonio, TX 78230; Contact: Mr. Ken Miller, COO, Tel.: 210.733.6125

Seller Disclosure –

4 Properties: The four properties are all owned by entities that are wholly-owned by Windy City RE, LLC, an Illinois limited liability company. The three Members of Windy City RE, LLC are:

- Manager: Ms. Amy Rubenstein, Manager, Windy City RE, 737 N. Michigan Ave., Suite 1230, Chicago, IL 60611; Tel.: 312.867.8744; Website: www.WindyCityRE.com
- Member: Mr. Joshua G. Rubinstein
- Member: Mr. Milan P. Rubinstein

PROFESSIONAL & FINANCIAL

Sole Member:	Better Housing Foundation	Rocky River, OH	Jason Cook, President
Sole Member’s/ Borrower’s Counsel:	Rosenbeck Law, LLC	Dublin, OH	Meredith Rosenbeck
Borrower’s Counsel - Local:	Clark Hill PLC	Chicago, IL	Chad Poznansky
Auditor to Borrowers and Sole Member (Post-Acquisition):	BDO USA, LLP	Chicago, IL	

Social Services Provider to Veterans:
 Invest in America’s Veterans Foundation Cape Coral, FL Ralph Santillo, Pres
 Bond Counsel:
 Kutak Rock LLP Omaha, NE Josh Meyer
 Chicago, IL Kevin Barney
 Underwriter:
 Stifel Nicolaus & Company, Inc. Atlanta, GA Cody Wilson
 Underwriter’s Counsel:
 Butler Snow LLP Atlanta, GA David Williams
 Bond Trustee:
 Wilmington Trust, National Association Dallas, TX Cam Lindsey
 Trustee’s Counsel:
 Ballard Spahr LLP Atlanta, GA Han Choi,
 Stephanie Kim

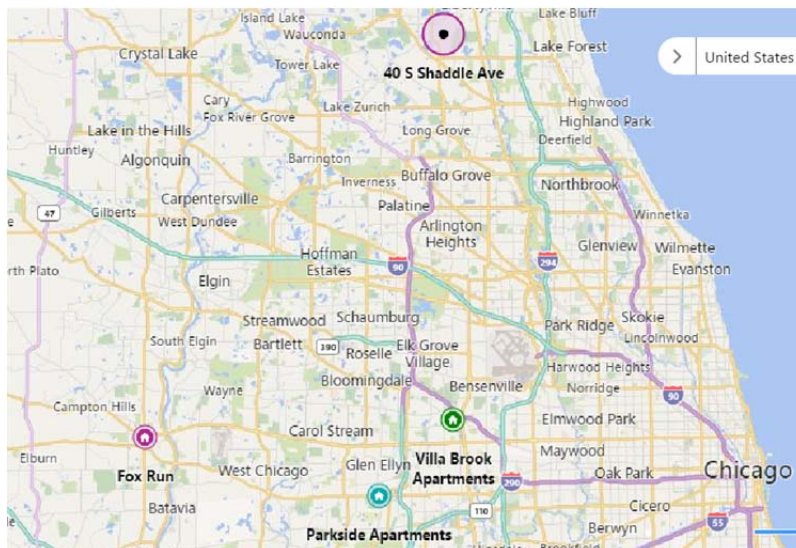
Bond Rating:
 S&P Global Ratings Chicago, IL
 (Standard & Poor’s Rating Services)
 Disclosure Advisors LLC Columbus, OH Paul Rutter
 Dissemination Agent:
 Lynd Opportunity Partners, LLC San Antonio, TX A. David Lynd
 Acquisition Consultant:
 The Lynd Company San Antonio, TX Ken Miller
 Property Manager:

Seller’s Counsel (to Windy City Re, LLC)
 Lisa J. Saul, Esq. Chicago, IL Lisa Saul
 Architect:
 Not applicable
 General Contractor:
 To be managed and supervised by the Property Manager
 Appraisal Reports:
 Novogradac & Company LLP Austin, TX John Cole
 Property Condition Reports:
 Dominion Due Diligence Group, Inc. Midlothian, VA
 Environmental Site Assessment Reports:
 Dominion Environmental Group, Inc. & Midlothian, VA
 National Due Diligence Services Orlando, FL
 IFA Counsel:
 Charity & Associates, P.C. Chicago, IL Tim Hinchman
 IFA Financial Advisor:
 Acacia Financial Group, Inc. Chicago, IL Phoebe Selden,
 Siamac Afshar

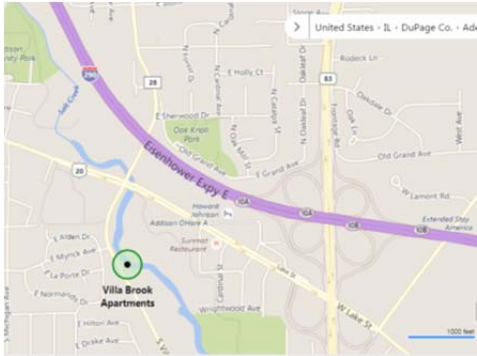
LEGISLATIVE DISTRICTS

	<u>U.S. Congressional</u>	<u>Illinois Senate</u>	<u>Illinois House</u>
Addison (Villa Brook Apts.)	8	39	77
Glen Ellyn (Parkside Apts.)	6	24	48
Mundelein (Shaddle Apts.)	10	30	29
St. Charles (Fox Run Apts.)	14	33	65

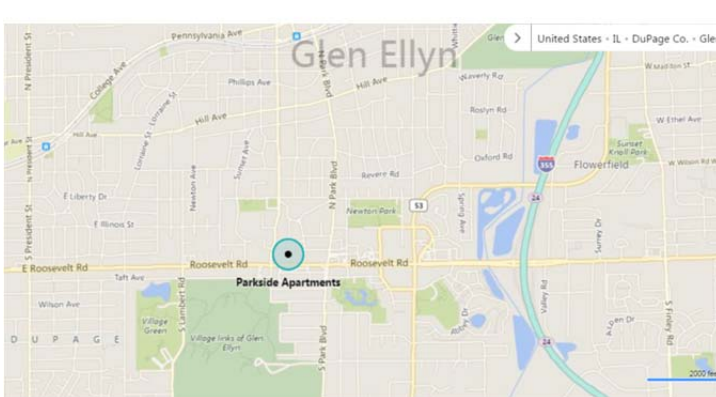
Site Map for the 4 Proposed Acquisition Projects



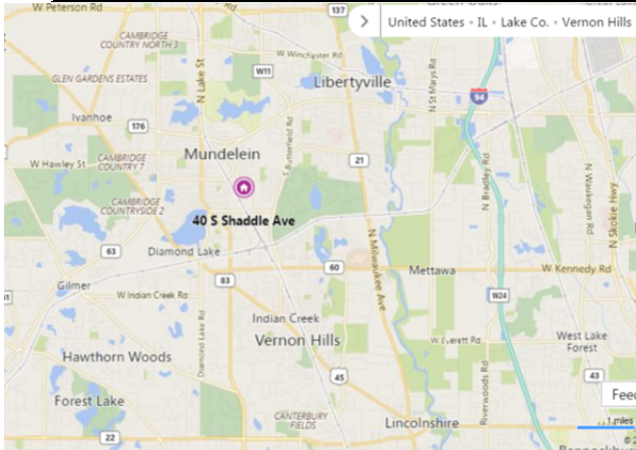
Close-up Maps/Photos for Each Property:



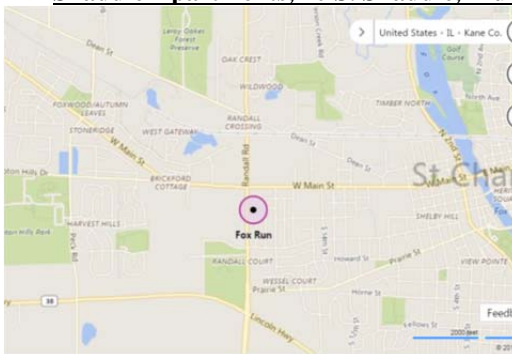
Villa Brook Apartments, 103-195 S. Villa Ave., Addison Illinois



Parkside Apartments, 16 N. Parkside, Glen Ellyn, IL 60137



Shaddle Apartments, 40 S. Shaddle, Mundelein, IL 60060



Fox Run Apartments, 145 Walnut Drive, St. Charles, IL 60174

Source: Bing Maps