$51,805,000 – FINAL ISSUANCE AMOUNT – CLOSED 5/25/17

ILLINOIS FINANCE AUTHORITY

PAB CONDUIT

$55,000,000 (not-to-exceed amount)
BHF Chicago Housing Group B LLC (Better Housing Foundation Icarus Portfolio)

March 9, 2017

REQUEST	**Purpose**: Bond proceeds will be used by **Better Housing Foundation**, an Ohio 501(c)(3) corporation (the "**Sole Member**"), as the sole member of **BHF Chicago Housing Group B LLC**, an Illinois limited liability company (the "**Borrower**"), to: (i) pay a portion of the costs of acquisition, rehabilitation, and equipping of 45 multifamily affordable residential rental properties with approximately 516 residential housing units (at the addresses identified on p. 15 of this report and collectively, the "**Project**"), (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 $55,000,000 not-to-exceed amount authorized under the Bond Resolution excludes original issue discount or premium, if any. **Program**: Conduit 501(c)(3) Revenue Bonds **Volume Cap Not Required:** This financing will not require Volume Cap due to the 100% 501(c)(3) ownership status of the Sole Member of the limited liability company that will be purchasing the subject 45-property portfolio. The Bonds will be issued to also satisfy the low- and moderate-income tenant requirements specified under Section 142(d) of the Internal Revenue Code of 1986, as amended. Additionally, each of the 45 properties will be subject to Land Use Restriction Agreements that will require that the 45 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 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) pursuant to the Better Housing Foundation's corporate mission. **Extraordinary Conditions**: None.
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	11 Current jobs 4 New jobs projected N/A Retained jobs 0 Construction jobs projected
DESCRIPTION	● Project Locations: 45-property multifamily housing portfolio in Chicago (Cook County), Illinois. (Please see p. 15 for the addresses of the 45 Projects.) ● Type of entity: **BHF Chicago Housing Group B LLC** is an Illinois limited liability company and is a single purpose legal entity formed to acquire, rehab, equip and own the subject 45-property, 516-residential unit multifamily portfolio, on behalf of their sole Member (i.e., the Better Housing Foundation). ● Better Housing Foundation, a nonprofit organization incorporated under Ohio law and established in 2015, will engage (through its legal affiliates) Integrus Realty Group LLC (Chicago, IL) to manage the subject 45-property, 516-unit residential unit affordable multifamily rental portfolio. Integrus Realty Group LLC is a for-profit management company engaged by the Borrower to undertake contractual pre-acquisition work and related pre-acquisition due diligence, including third-party reports, and will be responsible for managing the Project. Integrus' principal owners and senior management manage 300 properties with 675 affordable housing units in the City of Chicago (including properties located near the subject 45-property portfolio). ● In addition to the 501(c)(3) ownership, all properties will be subject to a Land Use Restriction Agreement that will require that the subject projects are maintained as affordable housing properties for the greater of (i) a minimum of 15 years or (ii) the date on which the IFA Bonds (or any subsequent Refunding Bonds) are repaid in full. The Foundation's mission requires that a minimum of 75% of units be allocated to qualified low- and moderate income tenants earning less than 80% of the area median gross income (adjusted for family size) and consistent with HUD income limits. ● It is anticipated that cash equity will be used to finance the acquisition of the 20 commercial unit spaces that are located in four of the 45 properties.

CREDIT INDICATORS

● The plan of finance contemplates Bonds to be sold in two series, each of which would be investment grade rated. Each series of Bonds would bear a fixed rate of interest and would be sold based on an anticipated investment grade rating assigned by **S&P Global Ratings** ("**S&P**").
● The **Senior Tax-Exempt Series 2017A Bonds are expected to receive a rating of at least 'A-' (S&P) while the Subordinate Tax-Exempt Series 2017B Bonds are expected to receive a rating of at least 'BBB+' (S&P)** based on forecasts prepared by the financing team**.** S&P will be evaluating the portfolio as a "stand alone project financing". The commercial space will be funded with equity and will not be debt financed (although commercial space revenues will be pledged to service debt on the Series 2017 Bonds).

SECURITY

● The Bonds will be secured by a First Mortgage on the subject properties (Project) and a collateral assignment of Rents and Leases. *Also see the headings titled "Security – Senior Series 2017A…" (see p. 4)* and "*Security – Subordinate Series 2017B Tax Exempt Bonds" (see p. 5).*

MATURITY

● Bonds will mature no later than 40 years from the issuance date (35-year term is currently anticipated)

SOURCES AND USES ESTIMATED

Sources:		Uses:	
Senior Series 2017A Bonds	$49,100,000	Acquisition – 45 Projects	$43,800,000
Series 2017A (Discount)	(1,060,000)	Rehabilitation	661,700
Subordinate Series 2017B Bonds	2,465,000	Third Party Reports & Other Pre-Acquisition Costs	1,600,000
Equity	900,000	Escrowed Expenses – Ins., Taxes	170,000
		Debt Service Reserve Fund	1,535,000
		Administrative & Legal	2,463,300
		Costs of Issuance	1,175,000
Total	**$51,405,000**	**Total**	**$51,405,000**

RECOMMENDATION AND CONDITIONS

Credit Review Committee recommends approval subject to the following standard condition:

- The minimum required debt rating on any IFA Series 2017A Bonds (including any Subordinate Series 2017B Bonds) that will be sold on a retail basis (i.e., in $5,000 denominations) will be 'BBB-', consistent with IFA Bond Program Handbook requirements. Otherwise, any non-rated or sub-investment grade bonds (i.e., Bonds rated less than 'BBB-' by S&P (in this case)) shall be issued and sold in minimum denominations of $100,000 and satisfy investor letter requirements specified in the IFA Bond Program Handbook (and may either be underwritten or privately placed).

REPORT CONTENTS

ILLINOIS FINANCE AUTHORITY
BOARD SUMMARY
March 9, 2017

Project: BHF Chicago Housing Group B LLC

STATISTICS

Project Number:	12386	Amount:	$55,000,000 (not-to-exceed amount)
Type:	501(c)(3) Revenue Bonds	IFA Staff:	Rich Frampton and Brad R. Fletcher
Location:	Chicago	County/ Region:	Cook County/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 subject to the standard condition noted in the "Recommendations and Conditions" section presented on p. 2 (see second heading up from the bottom of the page).

VOTING RECORD

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

PURPOSE

Bond proceeds will be used by **Better Housing Foundation**, an Ohio 501(c)(3) corporation (the "**Sole Member**"), as the sole member of **BHF Chicago Housing Group B LLC**, an Illinois limited liability company (the "**Borrower**"), to: (i) pay a portion of the costs of acquisition, rehabilitation, and equipping of 45 multifamily affordable residential rental properties with approximately 516 residential housing units (as described and identified on p. 15 of this report and collectively, the "**Project**"), (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**").

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 Bonds	$49,100,000	Acquisition – 45 Projects	$43,800,000
Series 2017A (Discount)	(1,060,000)	Rehabilitation	661,700
Subordinate Series 2017B Bonds	2,465,000	Third Party Reports & Other Pre-Acquisition Costs	1,600,000
Equity	900,000	Escrowed Expenses – Ins., Taxes	170,000
		Debt Service Reserve Fund	1,535,000
		Administrative & Legal	2,463,300
		Costs of Issuance	1,175,000
Total	**$51,405,000**	**Total**	**$51,405,000**

JOBS

Current employment:	11	Projected new jobs:	N/A
Jobs retained:	N/A	Construction jobs:	0

FINANCING SUMMARY – SUMMARY OF STRUCTURE – BASIS OF RATING

Structure: The plan of finance contemplates the public issuance of an amount not-to-exceed $55.0 million of tax-exempt debt to be issued in multiple series that would be underwritten by Stifel Nicolaus & Company, Incorporated. Fixed Rate Bonds would be sold based on the Projects' assigned ratings (see discussions of Security for the Senior Bonds and for the Subordinate Series of Bonds below; also see the discussion presented under the heading of "Ratings" presented below). The anticipated issuance amount based on sizing estimates was approximately $51.56MM as of 2/22/2017.

Security – Senior Series 2017A Tax-Exempt Bonds (the "Bonds"):

Trust Estate: The Bonds are secured by the Trust Estate created in the Trust Indenture, which includes all right, title and interest to (a) the Note, the Mortgages, the Land Use Restriction Agreements, and the Loan Agreement (other than the Unassigned Rights of the Authority) – *each of these items is discussed further below;* (b) all funds, money and securities held by the Trustee under the terms from the Indenture (except with respect to the Rebate Fund), (c) any and all other rights and interests in property conveyed, mortgaged, pledged, assigned, or transferred as and for additional security for the Bonds, and (d) all proceeds of the foregoing.

The Note: The Borrower will be obligated under the Loan Agreement to make payments, when due, on the Bonds as well as certain other fees and expenses in connection with the Bonds. As evidence of their obligations to make the Loan Payments with respect to the Bonds, the Borrower will execute and deliver to the Trustee a promissory note (the "Note").

Mortgages: As further security, the Bonds will be secured by a First Mortgage on each of the 45 properties and a collateral assignment of Rents and Leases (for all residential and commercial units across the 45 properties). The Mortgages will grant a first lien on and first security interest in the Borrower's interest in the Projects.

Furthermore, the Mortgages will secure the Senior Bonds and the Subordinate Bonds in that order of priority.

Bond Payments will be derived solely from operation of the Projects and the various funds and accounts held by the Bond Trustee under the Trust Indenture: *This financing is being rated and evaluated by Standard & Poor's as a stand-alone project financing*. Again, the Borrower's obligation to make scheduled payments on the Bonds will be derived from the operation and maintenance of the Project (consisting of the 45 subject properties) and of monies held in various Funds and Accounts established under the Indenture.

Please refer to the Flow of Funds Chart presented on p. 6 for a depiction of how Project Revenues would be applied to pay debt service on the Senior Bonds and Subordinate Bonds (if any), respectively (and also relative to Project Operating Expenses). Also, see the discussion that follows below under the caption "Ratings" – these discussions demonstrate the basis for S&P's ratings award: essentially, the Senior Bondholders and Subordinate Bondholders are to be paid before Project Operating Expenses are paid. (Additionally, to the extent necessary, the Debt Service Reserve Fund for each series of bonds must also be replenished before any Operating Expenses are paid.)

Rate Covenant: Additionally, the Borrower has agreed in the Loan Agreement to use its best efforts to fix, charge, and collect rents, fees, and charges in connection with the operation and maintenance of the Projects such that for each fiscal year the Debt Service Coverage Ratio will not be less than the applicable Coverage Test of (i) not less than 1.30 to 1.00 on all outstanding Senior Bonds and (ii) not less than 1.10 to 1.00 on all Outstanding Senior and Subordinate Bonds (i.e., all IFA Series 2017 Bonds issued for this project combined).

- 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.

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 Bonds** (the "**Senior Bonds"**), *but are subordinate in all respects to the Senior Bonds.*

- ***Note:*** A payment default on the Subordinate Bonds alone *does not* constitute an Event of Default on the IFA Series 2017 Bonds while the Series 2017 Senior Bonds remain outstanding. *In other words, as long as the Senior Bonds remain outstanding a failure to pay principal or interest on the Subordinate Series 2017B Bonds will not constitute an Event of Default (on its own) as long as the Senior Bonds remain outstanding.*

Ratings: The Borrower and the Underwriter (Stifel Nicolaus & Company, Incorporated) anticipate that S&P Global Ratings ("S&P") will assign a debt rating (or ratings) to these Bonds mid-April 2017, with a closing in late April. Again, Stifel Nicolaus & Company, Incorporated presently anticipates a rating of 'A-' on the Senior Series 2017A and the Underwriter anticipates a rating of 'BBB+' on the Subordinate Series 2017B Bonds that may be issued (preliminary; subject to change).

Note: The Borrower and Underwriter are also aware that any Bonds that are either rated sub-investment grade (i.e., below 'BBB-' (S&P)) must be sold in minimum denominations of $100,000 pursuant to IFA Bond Program Handbook requirements. (Also please see Recommendation and Conditions on p. 2.)

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 (see description and chart that follows immediately below on p. 6).

Description of How Project Revenues (i.e., "Revenue Fund") are Applied to Bond Payments and then, Operating Expenses *(as also depicted in the chart at the bottom of this page):*

Accounts Related to the Senior Bonds *(i.e., Tax-Exempt Series 2017A):*

1. To pay interest on the Senior Bonds.
2. To pay principal on the Senior Bonds.
3. To replenish the Debt Service Reserve Fund Account for the Senior Bonds, as necessary, to restore the amount on deposit therein to the Debt Service Reserve Requirement applicable to the Senior Bonds.

Accounts Related to the Subordinate Bonds (*Tax-Exempt Series 2017B*):

4. To pay interest on the Subordinate Bonds.
5. To pay principal on the Subordinate Bonds.
6. To replenish the Debt Service Reserve Fund Account for the Subordinate Bonds, as necessary, to restore the amount on deposit therein to the Debt Service Reserve Requirement applicable to the Subordinate Bonds.

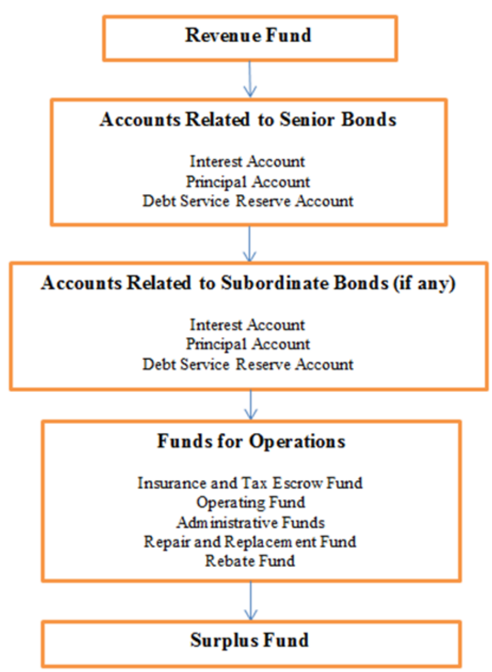
Funds for Operations:

7. Insurance and Tax Escrow Fund (for required insurance and any applicable annual real estate taxes) as provided for in the Annual Budget.
8. Operating Fund (e.g., Administrative, Payroll, Utilities, etc. – specified in Annual Budget)
9. Administration Fund: (e.g., Bond Trustee's Fees/Expenses; the Dissemination Agent's Fee; the (annual) Rating Agency Fees)
10. Repair and Replacement Fund, as necessary to satisfy the Replacement Reserve Requirement (as specified in the Trust Indenture)
11. Rebate Fund: to the extent that any deposits are required to pay for arbitrage rebate as required pursuant to the Tax Agreement

Surplus Fund:

12. Surplus Fund: any remaining amounts after the uses set forth in items #1 through #11 above shall be allocated to the Surplus Fund (which is available for distribution to the Borrower after Annual Evaluation of (a) satisfying Debt Service Coverage Test, (b) confirming "No Event of Default has occurred", and (c) confirming that both the Debt Service Reserve (Fund) Requirement and the Repair and Replacement Fund have been fully funded).

Chart 1: Depicts the Flow of Project Revenues ("Revenue Fund") that Supports the Underlying Project Debt Rating for the Senior Bonds and Subordinate Bonds (from Trust Indenture):



Maturity:	Not later than 2057 (i.e., 40 years from issuance date; maximum parameter). Final maturities to be determined subject to assignment of S&P's ratings. Anticipated final maturity date is in 35 years.
Estimated Interest Rate:	The Borrower and its financing team will determine interest rate modes and the mix of Senior Tax-Exempt and Subordinate Tax-Exempt Bonds after evaluating market conditions and prospective transaction sizing in advance of pricing. It is anticipated that a combination of serial and term bonds may be issued, with each featuring a fixed interest rate to each maturity date. The estimated all-in true interest cost on the debt issued in connection with this proposed transaction (and reflecting the proposed underlying ratings and bond terms) is estimated at between 4.85% and 5.25% (which reflects an all-in tax-exempt blended interest rate for both series).
Estimated Closing Date:	Late March or April 2017 (timing will be subject to assignment of ratings by S&P Global Ratings)
Rationale / Project Impact:	Creation of new, land-use restricted affordable housing units (with improvements) at 45 properties on 516 residential units for a minimum of 15 years or until the IFA Bonds are paid in full (whichever is later). Each of the 45 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" – pp. 13-14.) These Land Use Restriction Agreements will assure that these properties are subject to more stringent limitations as a result of Better Housing Foundation's ownership (associated with BHF's 501(c)(3) not-for-profit corporation status).* According to the Borrower, 42 of the 45 Projects are already HUD Voucher-eligible. The remaining 3 properties will be renovated to assure that HUD standards for HUD Voucher-eligible properties are satisfied. The bond documents associated with the financing will require that all properties and units will be subject to inspection a minimum of once each five years to maintain eligibility for HUD Housing Choice Voucher tenants.

PROJECT SUMMARY (FOR FINAL BOND RESOLUTION)

Bond proceeds will assist **Better Housing Foundation**, an Ohio nonprofit corporation (the "**Sole Member**"), as the sole member of **BHF Chicago Housing Group B LLC**, an Illinois limited liability company (the "**Borrower**"), in providing a portion of the funds necessary to acquire, rehabilitate and equip 45 multifamily affordable residential rental properties (identified on p. 15 of this report and collectively, the "**Project**"), with approximately 516 residential housing units, to provide for reimbursement of pre-acquisition due diligence, escrow payments, and other related pre-development costs, and if deemed necessary or desirable, to pay a portion of the interest on the Series 2017 Bonds, establish one or more debt service reserve funds for the benefit of the Series 2017 Bonds, and pay certain expenses incurred in connection with the issuance of the Series 2017 Bonds, all as permitted by the Illinois Finance Authority Act (collectively, the "**Financing Purposes**").

The proposed acquisition costs of the 45 underlying Projects are reported below:

Acquisition – 24 Properties – Icarus Portfolio	$15,500,000
Acquisition – 21 Properties – WPD Portfolio	29,650,000
Total Acquisition Cost – 45 Properties:	**$43,800,000**

BUSINESS SUMMARY

The Borrower: **BHF Chicago Housing Group B LLC** is an Illinois limited liability company (the "**Borrower**").

The sole member of the Borrower is 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**"). Additional information regarding the Sole Member is provided below (*pp. 8-9*) under the caption the "Sole Member".

Ownership of the Projects by the Borrower: BHF Chicago Housing Group B LLC will be acquiring 45 properties with approximately 516 residential units in Chicago. Four of the 45 properties are mixed-use buildings that contain 20 commercial spaces overall. All space attributable to the 20 commercial spaces will be financed with borrower equity and will not be financed with proceeds of the proposed IFA Series 2017 Bonds (100% of the proceeds of which will be tax-exempt). *A site map of the 45 Projects is presented on p. 17.*

The Borrower does not 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. The 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 proposed Projects (i.e., 45 Projects totaling 516 residential units and including 20 commercial spaces that are located in four of the 45 properties).

The Sole Member: The Sole Member of the acquiring entity/obligor (BHF Chicago Housing Group B LLC), is the Better Housing Foundation ("BHF"), an Ohio-based 501(c)(3) nonprofit corporation incorporated in 2015 and based in Amlin, Ohio.

The Sole Member has a 100% membership interest in the Borrower. The Sole Member is organized and operated exclusively for charitable purposes, and was not and is not organized nor controlled, directly or indirectly, by private interests.

The Sole Member received its 501(c)(3) letter of determination dated April 23, 2015 for its tax-exempt status effective April 15, 2015.

The Sole Member is governed by a Board of Directors, which currently consists of five members – as described below. 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:

- ***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 hundreds of units of affordable housing. Mr. Cook is involved in oversight of acquiring, rehabilitating and managing the organization's multifamily housing projects.
- ***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.
- ***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.

- ***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.
- ***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.

Notes:

- Mr. Antonio and Mr. Dayan are local, Chicago-area Directors and were recently-appointed to the BHF Board (neither had yet been confirmed to serve as Members at the time the IFA Series 2016 Bonds for the BHF Lindran Properties, LLC/Shoreline Properties Portfolio was originally considered in April 2016).

- Mr. Cook, Mr. Kern, and Ms. Hughey also serve as officers for JPC Charities, a separate and distinct 501(c)(3) nonprofit corporation that is also engaged in owning and operating affordable rental housing projects. JPC Charities currently owns and operates 12 affordable multifamily and senior properties with 3,924 residential units located in Columbus, GA, Indianapolis, IN, Manchester, NH, Pittsburgh, PA, and Philadelphia, PA.

As further detailed under the section "Property Manager" (see p. 11), the 45 Projects will be managed by **Integrus Realty Group LLC**, an Illinois limited liability company (the "**Manager**"). Affiliates of Integrus will also be engaged to perform certain Pre-Acquisition Due Diligence, Negotiation, and Financing (e.g., **Desak Development Corp.**) (see pp. 10-11 and the Economic Disclosure Statement section (p. 14)).

Projects Owned by Affiliates of the Sole Member (Better Housing Foundation): A special purpose affiliate of the Better Housing Foundation was created (i.e., Lindran Properties, LLC, an Illinois limited liability company) to acquire and rehabilitate the initial projects in July 2016 upon closing of the $13,560,000 IFA Series 2016 Bonds (Better Housing Foundation – Shoreline Portfolio Project). The Series 2016 Bonds financed the acquisition of 13 properties totaling 362 units of affordable rental housing (and which also included $540,000 of Taxable Bond financing that financed 19 units of ground floor commercial space located at certain of the Shoreline properties).

S&P assigned ratings of 'BBB' and 'BBB-', respectively, to the Senior 2016A and Subordinate Series 2004C Bonds issued to finance the residential portions of the Shoreline Portfolio Project. Subsequent to the 7/29/2016 issuance date of the Series 2016 Bonds, there have been no material event or financial statement filings posted on the MSRB's EMMA website. (Note: because the fiscal year end of the underlying Borrower is December 31, the first annual audit report (which will only report a stub period from 7/29/2016 to 12/31/2016) will not be due or posted on the MSRB's emma.msrb.org website until late March or April 2017.) All scheduled payments to date have been paid as scheduled through 2/1/2017. No other information has been posted by the Sole Member for disclosure on the MSRB's EMMA website.

Consultants Engaged by the Borrower:

The Borrower (on behalf of the Better Housing Foundation) and Sole Member currently have no employees and, as a result, have engaged (and are continuing to use) an external, third-party consulting firm to manage comprehensive pre-development due diligence in connection with the financing, acquisition, and rehabilitation of the Projects, ultimately on behalf of the Better Housing Foundation.

Additional information regarding these external consulting agreements is presented below. All of this information was adapted from information presented in the draft Preliminary Official Statement and Appendix A (and remains subject to subsequent revision prior to being finalized).

Please note that the consulting companies engaged by the Borrower (on behalf of the Sole Member) and including the Acquisition Consultant and the Property Manager (as reported below on pp. 10-11) are affiliated entities under common ownership and management control.

The Acquisition Consultant: Pursuant to the terms of an Acquisition Services Agreement (the "Acquisition Consulting Agreement"), **Desak Development Corp.,** an Illinois corporation (the "**Acquisition Consultant**"), of Chicago, Illinois, will manage and supervise all aspects relating to the planning, acquisition and financing of the Projects for and on behalf of the Borrower.

According to the draft Appendix A to the Preliminary Official Statement, the Acquisition Consultant was previously engaged as a consultant by the Sole Member on behalf of the Sole Member's Lindran Properties affiliate in connection with its acquisition of the Shoreline Portfolio in July 2016 (which was financed with approximately $13.56 million of IFA Bonds) pursuant to an agreement. The Consultant's President (L. Mark DeAngelis) currently assists other affordable housing operators throughout the United States. Mr. DeAngelis has served as either general contractor or construction manager and has also managed leasing, as well as the repair and maintenance of acquired or managed properties.

These pre-acquisition activities have included the following: identifying prospective projects for acquisition, negotiating purchase prices and executing purchase contracts and payment of related legal expenses and pre-acquisition due diligence expenses, funding escrow deposits on behalf of the Borrower (and Sole Member) pursuant to a Reimbursement Agreement with the Sole Member. More specifically, under this Acquisition Consulting Agreement, Desak has been responsible for engaging appraisers, environmental consultants, property condition inspectors, and other professionals to undertake pre-acquisition due diligence of the Projects as necessary. Additionally, Desak is responsible for obtaining financing for the acquisition and necessary rehabilitation of the Projects.

Integrus Realty Service, LLC (an affiliate of Desak with common managing shareholders/members) has been engaged to serve as the Property Manager (post-acquisition) and to perform certain corporate administrative and asset management services to the Borrower. The Acquisition Consultant and its affiliated entities (including Integrus) currently employ over 30 staff members in Chicago, Illinois.

In consideration for specified services, the Borrower has agreed to pay the Acquisition Consultant $1,600,000 for costs incurred in connection with pre-acquisition due diligence and other reasonable pre-acquisition expenses upon closing of the IFA Series 2017 Bonds (see Third Party Reports and Other Pre-Acquisition Costs, which included upfront escrow payments made in connection with the execution and delivery of purchase contracts that will be assumed by the Borrower at closing).

The Property Manager:

The Projects will be managed by **Integrus Realty Group LLC**, an Illinois limited liability company established in 2015 and based in Chicago, Illinois ("**Integrus**" or the "**Manager**"). The Manager currently manages a total of approximately 300 properties totaling 675 units. The properties are located primarily in south side and west side neighborhoods in Chicago. The key personnel of the Manager include (i) Mr. L. Mark DeAngelis, who is also the president of Desak Development Corp. (which is the Acquisition Consultant for the Borrower and (ii) Ms. Karoline Esho, Lead Property Manager.

Mr. DeAngelis has extensive experience managing properties with HUD project-based vouchers as well as properties that lease to HUD Housing Choice Voucher tenants.

According to Appendix A of the draft Preliminary Official Statement, Ms. Esho has worked in property management and development for over 10 years. She has managed 100+ units of residential and commercial real estate, including helping to stabilize troubled assets in receivership. Ms. Esho also has managed construction projects, having successfully project-managed various types of residential renovation projects, including the comprehensive renovation of a previously distressed project, consisting of 72 units in twelve separate buildings.

Pursuant to a Management Agreement with the Borrower, the Manager will be engaged to undertake marketing, leasing, rent collection, lease enforcement, maintenance and repairs, the provision of utilities and services, and obtaining insurance for the Projects.

Additional services will include, among other duties: providing asset management oversight, reviewing financial and operating information relating to the Projects (including periodic financial statements, operating reports, and capital and operating budgets), meeting with the Borrower to review the performance of the Projects, monitoring compliance with the Borrower's financial and operating covenants, and assisting the Borrower with continuing disclosure obligations in connection with the IFA Series 2017 Bonds.

Under the Management Agreement, the Manager will be paid a monthly fee. The initial monthly Management Fee will equal approximately 4.50% of effective gross income for the Projects (i.e., portfolio).

Summary Characteristics of the 45 Portfolio Projects:

<u>The 45-property portfolio to be purchased with the IFA Series 2017 Bonds is comprised of 516 residential units.</u> The addresses of the 45 properties are identified on p. 15 of this report (along with ownership disclosure on the respective sellers of the properties).

<u>The 45 properties have between 3 and 62 residential units each.</u>

<u>Because the acquisition is being underwritten as a portfolio, the number of residential units per building is reported below:</u>

- 37 of the 45 buildings have between 6 and 16 residential units.
- 5 of the 45 buildings have more than 18 residential units (i.e., residential unit counts of 18, 19, 24, 47, and 62 respectively)
- 3 of the 45 buildings have fewer than 6 residential units (i.e., residential unit counts of 3, 4, and 5 units, respectively)
- 5 of the 45 buildings are mixed-use properties that contain a total of 31 residential rental apartments and 20 commercial spaces.

Description of Unit Mixes and rents across the 45-building portfolio:

- Efficiency/1 Bath: 8 units
- 1 Bedroom/1 Bath: 68 units
- 2 Bedrooms/1 Bath: 240 units
- 2 Bedrooms/2 Baths: 34 units
- 3 Bedrooms/1 Bath: 109 units
- 4 Bedrooms/1 Bath: 16 units
- 4 Bedrooms/2 Baths: 12 units
- 5 Bedrooms/2 Baths: 4 units
- 6 Bedrooms/3 Baths: 2 units

Commercial Spaces: Although there are also 20 commercial spaces, the space allocable to the 20 commercial spaces will be financed with equity. Although cash flow from the commercial spaces will not be included as revenue in S&P Global's rating assessment, the rental cash flows will be pledged to secure the Series 2017A and Series 2017B Bonds (just as with the residential unit cash flows).

.

Historic Occupancy Rates: The Borrower reported that the weighted average occupancy rate for the 45 property portfolio was 95.3% as of 3/1/2017. The draft of Appendix A to the Preliminary Official Statement reports the weighted average occupancy rates for calendar years 2016 and 2015 were approximately 94.9% and 93.8%, respectively.

Marketing Priority to HUD Voucher Recipients/ Tenants: According to the Borrower, over 70% of the units are supported by Housing Choice Vouchers ("HCV"), with 42 of 45 buildings have had units that have passed HCV inspections and already meet U.S. Department of Housing and Urban Development ("HUD") Housing Quality Standards ("HQS").

The remaining three properties will also likely have HCV tenants as units are turned based on Integrus' experience marketing and leasing to HUD Housing Choice Voucher recipients for the Shoreline portfolio.

Prior Rehabilitation to the 45 Properties: According to the Borrower (and various pre-acquisition due diligence reports), from 2010 through 2016, the Sellers undertook aggregate capital expenditures of approximately $1.83 million for improvements at the 45 properties (for an average of $3,352 over the 516 residential units). According to the Borrower, many of these improvements were undertaken in 2015 and 2016.

The amount and scope of the recent Seller improvements varied significantly over the 45 building portfolio: Unit improvements to kitchens (appliance, cabinet/countertop, and floor replacement) and bathrooms (vanity and fixture replacement) were nearly universal. Common area improvements including parking lot resurfacing and hallway improvements were also undertaken at many buildings. Certain buildings required more substantial improvements including: roof repairs or replacement, tuckpointing or spot tuckpointing, plumbing repairs, electrical service replacement, boiler replacement, and furnace replacement. Many units also received new in-unit washers/dryers.

These expenditures by the Sellers will be presented in summary form on a property-by-property basis in the final version Appendix A to the Official Statement.

Additionally, pursuant to the Series 2017 Bond Documents, all 45 properties will be subject to inspection for compliance with HUD Housing Quality Standards a minimum of every five years.

Summary of Property Condition & Improvements to be Bond Financed: **ICG, Inc.** of Baltimore, MD prepared a Property Condition Assessment report for each of the Projects with dates of inspection occurring from November 14, 2016 through November 17, 2016. Based on the summaries of the Property Condition Reports, the 45 properties have maintained high occupancy rates (composite average occupancy rate of approximately 95.3% as of 3/1/2017) and are generally in good repair according to the Property Condition Reports that will be summarized in Appendix A to the Preliminary Official Statement.

As noted previously on p. 7 (see "Rationale / Project Impact" heading), 42 of the 45 buildings have HUD Housing Choice Voucher tenants and already meet HUD Housing Quality Standards.

The Property Condition Reports on the 45 properties have identified a total of approximately $661,700 of improvements of which (i) approximately $201,300 has been allocated to "Critical Repairs" at the 45 properties (or an average of $390/residential unit) while (ii) approximately $459,400 has been allocated to long-term improvements at the 45 properties (an average of $890/residential unit). All necessary repairs will be expedited so that the most important (i.e., "Critical Repairs") will be completed within 90 days of closing on the acquisition. The Borrower anticipates that specified "Non-Critical Repairs" will be completed within one year of closing.

Additionally, the Borrower is budgeting (i.e., $300 per unit-per year) of Repair & Replacement Reserve Expenses to properly reflect ongoing investments necessary to maintain the 45 properties.

Note: S&P Global will be undertaking site visits to the 45 properties as well as reviewing the property due diligence reports (i.e., appraisals; property condition assessments; and environmental reports), as well as the evaluating the adequacy of the proposed $300 per unit-per year Repair and Replacement Reserve, the Pro Forma Project Forecast, project budgets, and all related financial information provided by the Borrower (and Sellers).

Results of Phase I Environmental Audit Reports: The Borrower obtained an independent Phase I Environmental Site Assessment prepared by **ICG, Inc.** of Baltimore, MD, for each of the 45 buildings (the "Environmental Assessments"). The Environmental Assessments were conducted utilizing the generally accepted Phase I industry standard using the American Society for Testing and Materials Standard Practice E-1527-13.

As summarized in Appendix A to the Draft Preliminary Official Statement, the Phase I Environmental Reports on each property did not identify the need for any additional (i.e., remedial action at the 45 subject properties.

Land Use Restriction Agreements – Will Assure Use of the 45 Properties as Affordable Residential Rental Housing Projects

Project Regulation – Affordable Housing: Land Use Restriction Agreements: Each of the 45 properties 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.

The Tax Agreement further imposes requirements relating to the 501(c)(3) tax-exempt treatment of the Sole Member, including the requirement that 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 in standard HUD income restrictions.*

ECONOMIC DISCLOSURE STATEMENT

Borrower –
Sole Member: BHF Chicago Housing Group B LLC, 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

Alternate
Contact – Acquis.
Consultant: Mr. L. Mark DeAngelis, Acquisition Consultant, c/o Desak Development Corp., 2539 W. Peterson Ave., Chicago, IL 60659; 312.307.2138

Site Locations: The 45 site locations are identified below, along with Seller Disclosures on each property (p. 15).

Project name: Illinois Finance Authority, 501(c)(3) Revenue Bonds (Better Housing Foundation Icarus Portfolio Project), Series 2017A-B

Management of
the Sole Member
and Borrower: The **Borrower** (**BHF Chicago Housing Group B LLC**) is an Illinois limited liability company. The Sole Member of the Borrower is Better Housing Foundation, Amlin, Ohio, a 501(c)(3) corporation incorporated under Ohio law as a nonprofit corporation and 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)

Note: The plan of finance does not provide for 4% Low Income Housing Tax Credits to generate equity for this financing. As with the IFA Series 2016 Bonds issued to finance acquisition of the Shoreline Portfolio, the Borrower and financing team anticipate that S&P will assign an investment grade rating on the Bonds based on the underlying financial and management characteristics of the Project. The Better Housing Foundation's BHF Chicago Housing Group B LLC affiliate, a special purpose entity formed specifically to own to acquire and own the Project, will own 100% of the Projects upon closing of the proposed IFA Series 2017 Bonds.

Consultant to
Borrower/ Sole
Member: Desak Development Corp., 2539 W. Peterson Ave., Chicago, IL 60659
Contact: Mr. L. Mark DeAngelis, President; Tel.: 773.728.4000

Property
Manager –
Post-Closing: Integrus Realty Services, LLC, an Illinois limited liability company, 2539 W. Peterson Ave., Chicago, IL 60659
Contact: Ms. Karoline Esho, Lead Property Manager; Tel: 773.728.4000

Seller Disclosure - Listing of the Current Owners (i.e., Sellers) of the 45 Buildings in Chicago, Illinois (*also see below and p. 16 for seller contact information*).

Icarus/WPD Portfolio - Seller Disclosure Report		
Property Number	**Project Location / Zip Code (Chicago, IL)**	**Contact Information - Selling Entity (Current Owner)**
1	**1524 E. 73rd Street (60619)**	**Icarus Investment Group LLC ("Icarus")**, a Wyoming limited liability company, 200 E. 42nd St., 20th Floor, New York, NY 20017
2	**6901 S. Prairie Avenue (60637)**	**WPD Management LLC ("WPD")**, an Illinois limited liability company, 239 E. 51st St., Chicago, IL 60615
3	**7600 S. Stewart Avenue (60620)**	**WPD**
4	**7640 S. Stewart Avenue (60620)**	**WPD**
5	**7556 S. Eggleston Avenue (60620)**	**WPD**
6	**7655 S. Lowe Avenue (60620)**	**WPD**
7	**5156 S. Indiana Avenue (60615)**	**Icarus**
8	**5226 S. Michigan Avenue (60615)**	**Icarus**
9	**4238 S. Indiana Avenue (60653)**	**Icarus**
10	**4326 S. Michigan Avenue (60653)**	**Icarus**
11	**5118 S. Indiana Avenue (60615)**	**WPD**
12	**5119 S. Prairie Avenue (60615)**	**WPD**
13	**8143 S. Ellis Avenue (60619)**	**Icarus**
14	**8251 S. Drexel Avenue (60619)**	**Icarus**
15	**8229 S. Langley Avenue (60619)**	**Icarus**
16	**7511 S. Yale Avenue (60620)**	**WPD**
17	**139 W. Marquette Road (60621)**	**WPD**
18	**721 W. 71st Street (60621)**	**WPD**
19	**435 E. 71st Street (60619)**	**WPD**
20	**614 E. 71st Street (60619)**	**WPD**
21	**301 E. 75th Street (60619)**	**WPD**
22	**6857 S. King Drive (60619)**	**WPD**
23	**6820 S. Cornell Avenue (60649)**	**Icarus**
24	**7018 S. Clyde Avenue (60649)**	**Icarus**
25	**2666 E. 78th Street (60649)**	**Icarus**
26	**8030 S. Yates Blvd. (60617)**	**Icarus**
27	**6948 S. Oglesby Avenue (60649)**	**WPD**
28	**5720 S. Michigan Avenue (60637)**	**Icarus**
29	**5606 S. Michigan Avenue (60637)**	**Icarus**
30	**5832 S. Michigan Avenue (60637)**	**Icarus**
31	**5910 S. King Drive (60637)**	**Icarus**
32	**226 E. 55th Place (60637)**	**Icarus**
33	**6207 S. King Drive (60637)**	**Icarus**
34	**5700 S. Calumet Avenue (60637)**	**WPD**
35	**5600 S. Michigan Avenue (60637)**	**WPD**
36	**5701 S. Calumet Avenue (60637)**	**WPD**
37	**6123 S. Prairie Avenue (60637)**	**WPD**
38	**1431 E. 66th Street (60637)**	**Icarus**
39	**6605 S. Kimbark Avenue (60637)**	**Icarus**
40	**1421 E. 67th Place (60637)**	**Icarus**
41	**6427 S. Drexel Avenue (60637)**	**Icarus**
42	**6611 S. Ellis Avenue (60637)**	**Icarus**
43	**6540 S. Ellis Avenue (60637)**	**Icarus**
44	**6656-58 S. Woodlawn Avenue (60637)**	**WPD**
45	**6603 S. Rhodes Avenue (60637)**	**WPD**

Contact Info.
For Sellers: **Seller 1 – Affiliates under the common control of Icarus Investment Group, LLC, a Wyoming limited liability company**. Contact: Mr. David Pezzola, Managing Member (CEO), c/o Icarus Investment Group, LLC, 200 E. 42nd Street, 20th Floor, New York, NY 10017. No other members hold a 7.5% or greater ownership interest in Seller 1.

Seller 2 – Affiliates under the common control of WPD Management LLC, an Illinois limited liability company. Contact: Mr. Kevin Nugent, Manager (Member), c/o WPD Management

LLC, 239 E. 51st Street, Chicago, IL 60615. (Managers: Mr. Kevin J. Nugent and Mr. Eric W. Green). No other members hold a 7.5% or greater ownership interest in Seller 2.

PROFESSIONAL & FINANCIAL

Sole Member:	Better Housing Foundation	Amlin, OH	Jason Cook, President
Sole Member's Counsel:	Rosenbeck Law LLP	Dublin, OH	Meredith Rosenbeck
Borrower's Counsel - Local:	Chuhak & Tecson P.C.	Chicago, IL	Adam Moreland
Bond Counsel:	Greenberg Traurig LLP	Chicago, IL	Tom Smith
Underwriter:	Stifel Nicolaus & Co., Inc.	Atlanta, GA	Cody Wilson
Underwriter's Counsel:	Butler Snow LLP	Atlanta, GA	David Williams
Bond Trustee:	Wilmington Trust	Dallas, TX	Cam Lindsey
Trustee's Counsel:	Ballard Spahr LLP	Atlanta, GA	Han Choi, Stephanie Kim
Bond Rating:	S&P Global Ratings (Structured Finance Group)	Chicago, IL	
Dissemination Agent:	Disclosure Advisors LLC	Columbus, OH	Paul Rutter
Acquisition Consultant:	Desak Development Corp.	Chicago, IL	L. Mark DeAngelis
Property Manager:	Integrus Realty Group LLC	Chicago, IL	Karoline Esho
Seller's Counsel (to Icarus Investment Group, LLC)	Baugh Dalton, LLC	Chicago, IL	Raya Bogard
Seller's Counsel (to WPD Management, LLC)	Robbins, Salomon & Patt, Ltd.	Chicago, IL	David Resnick
Auditor to the Borrower and Sole Member:	To be determined		
Architect:	Not applicable		
General Contractor:	To be managed and supervised by the Property Manager (Integrus Realty Group LLC)		
Appraiser:	BBG, Inc.	Chicago, IL	Ken Konrath, MAI David Cardo
Property Condition Report:	ICG, Inc.	Baltimore, MD	Michael Pickering Sherry Anderson
Environmental Site Assessment:	ICG, Inc.	Baltimore, MD	Michael Pickering Sherry Anderson
IFA Counsel:	Charity & Associates, P.C.	Chicago, IL	Tim Hinchman
IFA Financial Advisor:	Acacia Financial Group, Inc.	Chicago, IL	Phoebe Selden

LEGISLATIVE DISTRICTS

Congressional:	Multiple
State Senate:	Multiple
State House:	Multiple

General and Local Area Site Maps of the 45 Acquisition Projects