



**MINUTES OF THE FINANCE AUTHORITY OF NEW ORLEANS
BOARD OF TRUSTEES MEETING**

Thursday, August 17, 2017

Members Present: Mrs. Gizelle Johnson-Banks, Mr. Stephen Smith, Mr. Joseph Friend & Mr. Terrence Rice

Members Absent: Dr. Gary Clark & Mr. Wade Wootan

Staff Present: Mr. Damon Burns, Ms. Bianka Brown, Ms. Deletha Cyprian, Mrs. Elenora Spears, Mr. Samuel Santa Marina & Mrs. Stacey Weaver

Members of the Public: Legal Counsel Jade Brown Russell,

Chair Johnson-Banks called the Finance Authority Board Meeting to order at 3:15pm.

It was noted that the agenda had been amended prior to the Board Meeting.

Old Business

There was no old business to discuss.

New Business / Board Actions

Acceptance and Approval of the Amended June 20, 2017 Special Board Meeting Minutes – After a review of the Minutes, **Chair Johnson-Banks requested a motion to approve the minutes of the June 20, 2017 Special Board of Trustees Meeting. Mr. Friend moved and Mr. Smith seconded. The motion passed unanimously.**

Resolution Authorizing the Authority to Raise Additional Reserve & Working Capital Through Equity Equivalents of Similar Products – Mr. Burns informed the Board that the strategic plan calls for expansion and risk. Additional capital is needed in order to finance the Authority's growth. The proposed resolution would allow FANO to raise capital through equity equivalents (EQ2). The resolution permits the Executive Director to pursue opportunities, negotiate, draft agreements and take the necessary actions to raise additional capital through EQ2 products. Mr. Burns noted that community banks are looking to improve their community investment profiles. He's had discussions with a few local banks about investing in FANO with an equity equivalent loan. He added that this product is a flexible, 10-year loan with an option for a 10-year extension. The equity equivalents investment option will provide FANO with an additional layer of risk capital that would help administer programs. Mr. Burns stated that most of the financial institutes he's met with are interested. A financial analysis will be given to the Board at a later date and the acceptance of any financing terms must be approved by the Board.

After the review of the resolution, **Chair Johnson-Banks requested a motion to approve the resolution Authorizing the Authority to Raise Additional Reserve &**

Working Capital Through Equity Equivalents of Similar Products. Mr. Friend moved and Mr. Rice seconded. The motion passed unanimously.

Chair's Report

There was no Chair's Report given.

Executive Director's Report

Market Update – The Federal Reserve is planning to unwind its \$4.5 trillion MBS portfolio beginning in September with an unknown market impact. Mr. Burns added that FANO owns a material amount of mortgage-backed securities and the situation will be monitored. Geopolitical risks are an increasing concern due to conflict between the U.S. and Asia. The stock market is still climbing despite moderate corporate performance and geopolitical concerns while the 10-year Treasury yield is still abnormally low.

Operating Budget – Spending increased in the 2nd quarter as a result of branding, program development and new website launch. Revenue is below budget because the new investment policy has not yet been implemented. The single-family program relaunched and could have a positive impact on revenues for the remainder of 2017. Mr. Burns noted that the Operating and Pathways to Homeownership are the two active accounts while there isn't any movement in the NOHMA account.

A snapshot of FANO's investment portfolio was given to the Board:

MBS - \$9,312,503.58 (41.21%) Abnormally low but expects to grow.

Cash - \$9,424,661.61 (41.70%) Balance is expected to grow with positive operating results.

Fixed Income - \$1,861,510.99 (8.24%)

Real Estate - \$2,000,000.00 (8.85%) Mostly consisting of Pathways portfolios.

Strategic Plan Update

Status Update – Mr. Burns briefly gave an update of the strategic plan's 3rd and 4th quarter areas of priority:

3rd Quarter

Organizational Management – The executive team is working to update the employee policies and procedures manual. A website is being created that will allow for work flow organization and team management.

Financial Management – The Investment Policy is currently being revised. An Internal Credit Policy is being created. A risk management model will be implemented.

4th Quarter

Organizational Management – Organizational performance and employee performance management systems will be developed. A new employee retirement and benefit plan will be implemented.

Key Issues and Priorities

Mr. Burns stated that new personnel along with additional capital is needed to grow programming. IT infrastructure is currently being upgraded and is expected to be a multi-year project. An increase in market interest rates could weaken the demand for FANO's programs but also has the potential to increase program income. Mr. Burns noted that the Own New Orleans Program officially launched on August 15th. FANO's strategic marketing calendar will be executed in September. The present housing supply is inadequate while new supply is insufficient. The team is working with industry experts to figure out the housing supply issue.

The Board discussed the upcoming 2018 NALHFA Conference that will take place in New Orleans. Mr. Burns informed the Board that he has been appointed to replace Mr. Terry McCarthy on NALHFA's Board of Directors. He will be arranging special events for the upcoming conference.

Mr. Friend revisited a question that he had regarding FANO purchasing shirts for the staff and board members. Mrs. Brown-Russell stated that shirts can be accepted because it is not considered a "thing of value" as stated in the Louisiana Board of Ethics.

Executive Session

There was no need for an Executive Session.

Public Comment

There were no public comments.

Other Business

There was no other business to discuss.

There being no further business, **Chair Johnson-Banks requested a motion to adjourn the Board Meeting. Mr. Rice moved and Mr. Friend seconded. The motion passed unanimously.** The meeting was adjourned at 4:04pm.

ATTESTED: *G. J. Banks* DATE: *12-29-17*
SECRETARY/TREASURER

