



The Finance Authority* OF NEW ORLEANS

Making New Orleans A Better Home

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

Tuesday, March 14, 2017

The Board of Trustees of the Finance Authority of New Orleans met on **Tuesday, March 14, 2017 at 11am in the Board Room of the Finance Authority of New Orleans 618 Baronne St., New Orleans, Louisiana.**

Members Present: Mrs. Gizelle Johnson-Banks, Mr. Terrence Rice, Mr. Joseph Friend & Dr. Gary Clark

Members Absent: Mr. Wade Wootan & Mr. Stephen Smith

Staff Present: Mr. Damon Burns, Ms. Deletha Cyprian, Mrs. Elenora Spears & Mrs. Stacey Weaver

Members of the Public: Legal Counsel Jade Brown Russell, Mr. Larry Englande (G.K. Baum), Mr. Byron Poydras, Troy Simmons (Regions Bank), Mr. Waldo Moret, Ms. Michelle Thomas (Think Thomas Consulting), Mr. Bronson Martin (Caine Mitter), Mr. Ansel Caine (Caine Mitter), Ms. Kesha Moore (Regions Bank), Mrs. Angela Fyssas-Lear (Whitney Bank) & Ms. Kimberly Washington (Jericho Housing)

Chair Johnson-Banks called the Finance Authority Board Meeting to order at 11:19am.

Old Business

Chair Johnson-Banks proposed Committee membership structure to the Board. The appointments were briefly discussed. The Board agreed to Chair Johnson-Banks' recommendations. The Committees are as follows: Programs Committee: Mr. Terrence Rice, Mr. Stephen Smith & Mrs. Johnson-Banks will serve. Finance & Investments Committee: Sr. Gary Clark, Mr. Joseph Friend & Mrs. Gizelle Johnson-Banks will serve. Governance Committee Mr. Joseph Friend, Mr. G. Wade Wootan & Mrs. Gizelle Johnson-Banks will serve.

Board Actions

Acceptance and Approval of the January 26, 2017 Special Board Meeting Minutes

Chair Johnson-Banks requested a review of the minutes of the January 26, 2017 Special Board of Trustees Meeting. After a review of the Minutes, **moved by Mr. Rice and seconded by Mr. Friend. The motion passed unanimously.**

BOARD OF TRUSTEES

Gizelle Johnson-Banks, CHAIRPERSON

Stephen M. Smith, VICE-CHAIRMAN

Dr. Gary Clark, Ph. D., SECRETARY / TREASURER

G. Wade Wootan, Esq., MEMBER

Joseph E. Friend, MEMBER

Terrence Rice, MEMBER

Damon Burns, EXECUTIVE DIRECTOR

** FORMERLY KNOWN AS NEW ORLEANS HOME MORTGAGE AUTHORITY*

Consideration and Approval of a Resolution Authorizing and Confirming the Issuance of the Conditional Redemption Notice for the Outstanding Single Family Mortgage Revenue Bonds, Series 2003 and Single Family Mortgage Revenue Bonds, Series 2006A and Related Matters

Mr. Bronson Martin & Mr. Ansel Caine, representatives from Caine & Mitter gave a brief presentation on the financial restructuring options available to the Board. They recommended that The Finance Authority execute a Mortgage Backed Securities Sale of the Series 2003 and 2006A Single Family Mortgage Revenue Bonds. Caine Mitter also recommended that The Finance Authority leave the series 2011 Bonds as is for future considerations. The representatives of Caine Mitter discussed potential issues related to the Federal Reserve Bank's March 15th meeting to determine interest rate levels. Caine Mitter suggested that we complete the MBS Sale prior to the Federal Reserve Bank's meeting in order to avoid dramatic changes in market prices. The Board briefly discussed. Legal Counsel Brown Russell read the resolution. After discussion, **Chair Johnson-Banks requested a motion to approve the Resolution. Moved by Dr. Clark and seconded by Mr. Rice. The motion passed unanimously.**

Reports

Market & Legislative Update

Federal Open Market Committee Meeting – The Fed is widely expected to raise interest rates during their next meeting, scheduled for March 15th. Forward interest rate curves have priced in a 95% chance of a rate increase. Rising interest rates are positive for our investment earnings but will also increase our interest expenses.

Budget Report

Mr. Burns stated that the approved budget for 2017 has yet to be executed. 2017's budget was contingent upon the refunding of outstanding bonds. He noted that the refunding has not materialized due to changing market conditions and an inability to mitigate the prepayment risk of mortgage backed securities. The accumulated loss of \$90,000 is a direct result of minimal program and investment income being received over the same period. Proceeds from the MBS sale will help to absorb these losses until program and investment income rebound.

Program Report

Expand to Homeownership – Mr. Burns briefly highlighted the month to month production, stating that in December 3 loans were originated for a total value of \$393,114. 3 loans were also originated in January for a total of \$302,911. In February 4 loans were originated for a total value of \$676,500. Mr. Burns informed the Board of the annual production in which he stated that in 2015 there were 29 loans that had been originated. The total value of DPA Grants for 2015 were \$159,551. In 2016 there were 36 loans that had been originated with the value of DPA Grants totaling \$185,315. There were 7 loans that were originated this year with the value of DPA Grants totaling \$39,176. Mr. Friend asked that more demographic data be added to the monthly report. Mr. Burns agreed and stated that the department will make the necessary changes.

Pathways to Homeownership – Mr. Burns informed the Board that in January there were 22 properties with 4 being for sale. The net operating income was \$11,915. In February there were 22 properties with 2 being vacant and 4 remaining for sale. The net operating income was \$13,200. Chair Johnson-Banks added that she and Mr. Burns viewed 6 of the Pathway properties on this past Friday. Some of the properties are in need of maintenance. She added that a conversation needs to take place between the Board Members regarding the future of the

program. Mr. Burns stated that he and Mrs. Spears have met with contractors to discuss options. He is gathering information regarding renting versus selling and what would be the best decision for The Finance Authority.

Operating Budget – Mr. Burns noted that for the time being, The Finance Authority is relying on Reserve Funds until investment income increases. This month shows a loss of income due to a slower than expected time to refund outstanding debt. Mr. Burns stated that the proceeds from the proposed MBS sale will be deposited into FANO's Reserve Fund and the changes will be reflected in next month's Budget Report. The Board will receive an update on a quarterly basis.

NOHMA – There was no material to report.

Trustee Report – Mr. Burns stated that going forward, there will be only one report for the Series 2011 Bonds.

Executive Director's Report

Organizational Management – Search for Professional Service Providers is partially complete. A plan is being implemented to procure additional services. Progress is being made with the current contractors. Internal policies and controls are being updated with the help of General Counsel. The IT vendor, UTSI produced a full report and FANO is in the process of updating its technology capabilities. Hardware has been purchased and upgrades will be necessary. A search for an Assistant Director will begin soon.

Financial Management – The refunding plan has been adjusted to a more conservative plan. An investment policy is underway and will be introduced at the April Finance & Investments Committee Meeting.

Program Development – A financial advisor was hired to manage current single family programs and develop a formal multi-family program. Research and development of 2nd mortgage program is progressing. CRA banks met earlier this week to discuss possible investments.

Market Development – Branding update with marketing firm Deep Fried Advertising to begin on March 15th. Memo's, email signatures, etc. will undergo complete rebranding. Customer engagement with families, realtors and lenders will take place immediately following the branding process.

Public/Community Engagement – Mr. Burns participated in various advocacy group, coalition meetings and events. Dr. Clark asked how the perception of The Finance Authority was. Mr. Burns stated that the perception is positive. The community is familiar with the work that FANO has done but would like to see more activity. Mr. Rice inquired about the future of the local housing market. Mr. Burns stated that the local housing market is overpriced and the housing stock is in desperate need of repair. Rental rates have increased while wages have been stagnant for 20 years. Interest rates are still at historic lows but are expected to rise over the next 3-5 years. The Board briefly discussed.

Executive Session

There was no need for an Executive Session.

Public Comment

There were no public comments.

Other Business

Mr. Burns briefly noted the new comment cards that will be distributed to the audience at the beginning of each Board Meeting. Legal Counsel Brown Russell added that this method conforms to Public Meeting Laws.

Chair Johnson-Banks reminded Mr. Burns to send a survey to the Board inquiring about new time to hold the Board Meetings.

There being no further business, the meeting was adjourned at 12:45pm.

ATTESTED: G - 1 - 2 - C / - K DATE: 4.13.17
SECRETARY/TREASURER