



**MINUTES OF THE FINANCE AUTHORITY OF NEW ORLEANS
BOARD OF TRUSTEES MEETING
Thursday, April 19, 2018**

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

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

Staff Present: Mr. Damon Burns, Ms. Bianka Brown, Ms. Lydia Cutrer, Mrs. Stacey Weaver, Ms. Destine Grady & Mr. Samuel Santa-Marina

Members of the Public: Legal Counsel Jade Brown Russell, Mr. Mike Airhart (George K. Baum), Mr. Steven Kennedy (REO, LLC) & Mr. Stephen Daste

Chair Johnson-Banks called The Finance Authority's Board Meeting to order at 4:11pm.

Old Business

There was no old business to discuss.

New Business & Board Actions

Acceptance and Approval of the Amended December 19, 2017 Board of Trustees Meeting Minutes (Action Item) – Mr. Burns informed the board that there was one minor edit to the December minutes. The board reviewed and with no discussion, **Chair Johnson-Banks requested a motion to approve the minutes of the Amended December 19, 2017 Board of Trustees Meeting. Secretary/Treasurer Clark moved and Mr. Rice seconded. The motion passed unanimously.**

Acceptance and Approval of the February 22, 2018 Board of Trustees Meeting Minutes (Action Item) – The board reviewed and with no discussion, **Chair Johnson-Banks requested a motion to approve the minutes of the February 22, 2018 Board of Trustees Meeting. Secretary/Treasurer Clark moved and Mr. Rice seconded. The motion passed unanimously.**

Approval of Audit Compliance Questionnaire (Action Item) – Ms. Brown informed the board that the questionnaire was a standard housekeeping item. She stated that most of the questions do not apply to FANO but those that did, were answered correctly. Mr. Burns stated that FANO's strategic plan includes implementing new policies and procedures, which are currently being drafted and will be recommended to the board upon completion. **Chair Johnson-Banks requested a motion to approve the resolution with recommended amendments. Secretary/Treasurer Clark moved and Mr. Friend seconded. The motion carried unanimously.**

Chair's Report

Chair Johnson-Banks stated that she met with Mr. Burns earlier in the week to review the agenda items and to discuss the upcoming NALHFA conference. She noted that it is important to have 100% board participation in the various events that will be taking place

during the conference. She also asked for more participation with committee members due to several committee meetings being cancelled. Chair Johnson-Banks informed the board that she and Mr. Burns have been meeting with the newly elected City Council Members getting them acquainted with FANO's role in the city. Mr. Burns added that the council members are familiar with the organization and seem to be excited about working together.

CEO's Report

Mr. Burns briefly discussed the following:

Market Legislative Update

- City Council evaluates impact of short-term rentals on local housing market. Mr. Burns noted that there has been more activity in short-term rentals than affordable housing. He noted that FANO has been encouraging homebuyers who are interested in leasing short-term rentals, to consider purchasing doubles.
- President Trump signs bill to include \$10B increase in infrastructure related spending; \$1.9B increase for community development. Mr. Burns informed the board that there are new programs being implemented, one in particular, called "opportunity zones". Each state is going through the process of designating zones for approval. N.O. Business Alliance, Greater N.O., Inc and the City of New Orleans are working together to determine opportunity zones in the city.
- President Trump proposed tariffs on large range of goods produced outside of the U.S.

2018 NALHFA Conference

- The conference to be held May 9th – 12th at the Monteleone Hotel.
- Full participation from Board and Staff. Mr. Burns will inform board members on the location of dinners, meetings, etc.
- FANO to host welcome/40th anniversary New Orleans' themed reception for local and national networks which will be sponsored by Whitney Bank
- FANO has raised approximately \$30K from local sponsors
- There will be a bus tour on Saturday. The itinerary is being finalized but the plans are to cover areas that tourist wouldn't normally visit such as New Orleans East and parts of Uptown.

March Highlights

- Loan production for February and March postponed due to market conditions
- CEO met with Mayor-Elect Cantrell transition teams and new councilmembers
- FANO hosted residential resiliency workshop in partnership with City of New Orleans to develop financing solutions for climate protection.
- Continuing to build solutions for real estate portfolio. Management is currently evaluating opportunities for partnerships.

Programs Committee Report

Ms. Cutrer briefly discussed Programs:

Own New Orleans

- Closed 3 loans YTD 2018; 25 loans FY 2017
- FHA product has been unavailable for the last 2 months due to market conditions: evaluating new single-family program structure with Caine Mitter

Pathways to Homeownership

- There are 19 properties remaining in FANO's portfolio: evaluating options to pilot homebuilding and loan program focused on single-family resiliency, energy-efficiency and storm water management through Pathways.

NOHMA

- Discussing options to better service loans, re-organize files and as approved by Board, charge-off loans

Staffing

- Conducting final interviews for Customer Service Representative and Community Relations Representative the week of 4/23/18. Mr. Burns stated that additional staff is needed to better manage FANO programs and oversee customer and lender relations.

Finance & Investments Committee Report

Ms. Brown highlighted items of importance:

Operating Budget Report

- Spending for FY 2018 as of March 31st is under budget by approximately \$41k due to new expenses being realized throughout 2018.
- Unrestricted Reserve Fund is being used to offset current deficit of \$39k.
- Pathways operating expenses as of March 2018 total \$65,949, which includes a loss of \$39,551 on sale of 5424 Marigny St.
- Research is being done on NOHMA loans totaling \$342.5K to properly account for loans originated in past programs.
- Staffing, availability of resources, unsuitable financial software, inadequate internal systems and procedures, and legacy loan servicing are accounting department challenges

Combined Balance Sheet (which includes FANO's Operating Fund, NOHMA Fund and Pathways to Homeownership)

- Cash - \$2,215,076.48
- Total Assets - \$6,342,105.24
- Total Liabilities - \$356,769.37
- Net Assets - \$5,985,335.87

Financial Condition Report

Mr. Burns gave a brief review of FANO's asset portfolio:

- Cash - \$9,571,171.68 (43%)
- U.S. Treasuries - \$1,817,116.77 (9%)
- MBS - \$8,502,484.54 (39%)
- Net Assets - \$13,050,753.26

Capital Market Report

- Net Assets on 3/31 were stable at nearly \$13.2 MM compared to \$13MM on 2/28
- 10-year treasury rates and 30-year mortgage rates are trending higher
- Updated investment policy, risk capital budget and financial model are being developed for 2018 implementation

Strategic Plan Report

Mr. Burns informed the board that the 1st quarter 's action item to launch the new website was completed on schedule. He noted that the 2nd quarter's priorities are to implement new organizational, program and investment policies. Upgrade internal and public facing technology. Create new single and multifamily products. Raise capital to fund growth.

Mr. Burns stated that there are a few challenges:

Internal

- Limited risk capacity
- Dated infrastructure and processes
- Staff needed to grow production

External

- Lack of affordable housing supply and low wages. FANO has been focusing strategically on how to stimulate supply.
- HFA's are still searching for new business models
- Climate change risks

Executive Session

There was no need for executive session.

Other Business

There was no old business to discuss.

Public Comment

Mr. Steven Kennedy briefly acknowledged the board and staff for their work. He stated that the newly implemented opportunity zones would be a great opportunity for FANO to achieve its economic and community development goals.

There being no further business, **Chair Johnson-Banks requested a motion to adjourn the Board Meeting. Secretary/Treasurer Clark moved, and Mr. Rice seconded. The motion passed unanimously.** The meeting was adjourned at 5:23pm.

ATTESTED: G - - / - c / k DATE: 5-24-18

SECRETARY/TREASURER