



**MINUTES OF THE FINANCE AUTHORITY OF NEW ORLEANS
BOARD OF TRUSTEES MEETING
Thursday, August 16, 2018**

Members Present: Mrs. Gizelle Johnson-Banks, Dr. Gary Clark, Mr. Wade Wootan, Mr. Joseph Friend, Mr. Stephen Smith, Mr. Charles Brown & Mr. Hunter Thomas

Members Absent: None

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

Staff Absent: Ms. Bianka Brown

Members of the Public: Legal Counsel Assistant Dietra Cummings

Chair Johnson-Banks called The Finance Authority's Board Meeting to order at 4:15pm.

Old Business

There was no old business to discuss.

Chair Johnson-Banks introduced the two new board members Mr. Charles Brown who is a past board member and Mr. Hunter Thomas. The board welcomed the new members.

New Business & Board Actions

Acceptance and Approval of the June 21, 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 from the June 21, 2018 Board of Trustees Meeting as drafted. Mr. Friend moved, and Chair Johnson-Banks seconded. The motion passed unanimously.**

Chair's Report

Chair Johnson-Banks informed that she and Mr. Burns had meetings with the new board members. She also mentioned the Governance Committee Meeting that she and Mr. Friend attended the week prior where new policies were reviewed. The committee will provide recommendations to the board at next month's meeting. Chair Johnson-Banks also stated that she and Dr. Clark attended an audit update meeting on last week and the audit is progressing.

Mr. Brown asked if FANO could benefit from the \$10,000,000 in funds that are being awarded by the City. Mr. Burns stated that FANO already has outstanding requests to the city, which will be discussed at the board retreat.

CEO's Report

Mr. Burns briefly discussed the following:

Market and Legislative Update

- Rules for the Federal Opportunity Zone program to be released towards end of August

- City's administration currently looking to boost affordable housing within Orleans Parish
- Current China tariffs hurting Louisiana soybean farmers, possibly will hurt Chemical industry
- Community Adaption Program aiming to help low-to-moderate income families in Gentilly implement "drainage features" on their property

June & July Highlights

- FANO is collaborating with City of N.O. and other agencies to increase affordable housing output
- Own New Orleans is undergoing changes after a year of underperformance
- Remaining Pathways properties are being sold
- Current staff count is up to 10 employees
- Net Assets are holding steady at roughly \$13.6 million

Mr. Burns noted that there is negative cash flow at the moment and management will continue working towards achieving positive cash flow.

Governance Committee Report

Mr. Burns stated that the Governance committee met for first time on August 9th to review new policies and procedures as required in by-laws and outlined in 2018 Five-Year Strategic Plan. A meeting schedule was distributed for review.

Mr. Wootan stated that he has questions that he would like to speak with management about. He suggested providing red-line edits to the Governance Committee for review. The bylaws will be discussed during the board retreat.

Programs Performance Report

Mr. Brandon Armant of BAMB Communications gave a presentation to the board noting that his company:

- Supported FANO in its rebranding phase
- Instrumental in coordinating the Own New Orleans launch reception
- Responsible for FANO's distribution channels (YouTube, Facebook, Twitter, etc.)
- Continues to build and maintain relationships with media and city officials
- Would like to draft a 2-year themed marketing plan

Mr. Armant stated that his contract with FANO ended in May.

The board briefly discussed ways to possibly condense the various branding phases as well as the homebuying trends of millennials.

Ms. Cutrer gave a report on Programs:

Own New Orleans - 1-Year Retrospective

- FANO modified and rebranded the "Expand to Homeownership" TBA program from April 2015 to Aug 2017
- Changed DPA forgivable grants from 4% assistance
 - Options for 3% and 5% of first mortgage
- Added option for DPA interest-free loan
 - Up to 10% of purchase price; capped at \$20,000
- Only 10 loans originated since launch
 - 9 DPA grants; all FHA
 - 1 DPA loan; Freddie Mac Pathways to Homeownership
- Implemented marketing strategies through vendors to reach potential homebuyers
- Conducted surveys and solicited feedback from partners
- Asked potential homebuyers for thoughts on FANO's programs and processes

Investors unwilling to pay higher premiums for MBS

- FHA and VA 5% & 10% options unavailable since Jan 18th

- Freddie Mac 5% & 10% options unavailable at times since Aug 1st
- Homebuyers able to borrow at lower interest rates
- Local homebuyers may access Louisiana Housing Corp's MRB and other programs with lower rates
 - Banks such as Investar and Regions offering affordable options
- Ms. Cutrer briefly noted the feedback she received from various lenders, counseling agencies, homebuyers & realtors. Some of the recommended strategies were to:
- Promote current benefits of Own New Orleans
 - Consider restructuring program into a due-on-sale model

Finance & Investments Committee Report

Mr. Burns highlighted the following items of importance within the actual comparison to budget, which was distributed to the board for review:

Operating Fund

- Revenue for July 2018 totaled \$27.2k. Operating Expenses for July 2018 total \$83K. Unrestricted Reserve Fund is being used to offset current deficit of \$55.7k.
- 2017 audit is near completion but will require an adjustment to the assets of Pathways to Homeownership

Net Asset Position

- Net Assets on 7/31 were approximately \$13.65MM

NOHMA

- Working with both the Auditors and Legal to discuss next steps in the write-off process, for outstanding loans that were originated in past programs that are inactive.

FANO's Asset Portfolio

- Net assets for June - \$13,650,961.68
- Net assets for July - \$13,474,072.97

Capital Markets Report

Mr. Guillion briefly discussed the following items:

- 10-year Treasury rate has bounced just under the 3% mark, mainly within the 2.80-2.90% range.
- Mortgage rates have stayed in 4.50-4.60% range

Chair Johnson-Banks inquired about FANO's interest rate. Mr. Guillion stated a 30-year conventional rate was between 4.60% and 4.74%. The board briefly discussed FANO's Pride loans. Chair Johnson-Banks requested management give a final recommendation to the board on how to proceed with the loan program.

Mr. Guillion added that he and Ms. Cutrer attended the HFA Symposium earlier this week where the discussion was how to attract more business to increase funding.

Strategic Plan Report

Mr. Burns briefly gave an update on the remaining 2018 priorities:

1. Employee development and recruitment
2. Technology upgrades
3. Update policies and procedures
4. Office relocation – will present to the board in September.
5. Single family resiliency/green program launch
6. Homebuilding/Multifamily program development
7. Green infrastructure program development – will discuss at the October board retreat.
8. Fundraising (Opportunity Zones/CRA/Green Bonds)

Challenges:

- Local economy has bright spots but quality of life remains stagnant
- Uncertain political and monetary environment

Upcoming Events

- Annual Board Retreat to be held on 10/18/18
- FANO is title sponsor of Dillard University's Housing, Health and Community Resource Fair on 10/20/18

Executive Session

There was no need for executive session.

Other Business

Mrs. Johnson-Banks requested earlier meeting times for 2019. Proposed meetings dates will be discussed at the board retreat.

Public Comment

There was no public comment.

There being no further business, **Mrs. Johnson-Banks requested a motion to adjourn the Board Meeting. Mr. Brown moved, and Mr. Friend seconded. The motion passed unanimously.** The meeting was adjourned at 5:39pm.

ATTESTED:

G - J - C / - K

SECRETARY/TREASURER

DATE:

9-20-18