



**MINUTES OF THE FINANCE AUTHORITY OF NEW ORLEANS
BOARD OF TRUSTEES MEETING
Thursday, June 21, 2018**

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

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

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

Members of the Public: Legal Counsel Assistant Dietra Cummings, Mr. Mike Airhart (George K. Baum), Ms. Angela Fyssas-Lear (Whitney Bank)

Chair Johnson-Banks called The Finance Authority's Board Meeting to order at 4:10pm.

Old Business

There was no old business to discuss.

New Business & Board Actions

Acceptance and Approval of the May 24, 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 May 24, 2018 Board of Trustees Meeting as drafted. Mr. Rice moved and Mr. Friend seconded. The motion passed unanimously.**

Resolution to Amend the Fiscal Year 2018 Budget (Action Item) – Ms. Brown informed the board that the proposed amendment is a result of actual revenues and expenditures that were incurred through May 31, 2018. She noted that the amendment recognizes grants and other funds programmed after the initial budget was approved. A comparative budget-to-actual summary with amendments was distributed for review.

Additional expenses were incurred as a result of:

- Business Development: \$32,000 - Hosting the 2018 NALHFA Conference
- Property & Building Maintenance: \$47,500 - Relocation of main office due to increased staffing, ongoing maintenance and various compliance issues. A proposed list of office space comparisons was distributed to the board.
- Salaries: \$51,500 - Hiring of additional staff

Ms. Brown stated that the proposed amendment to the FY2018 operating budget is an approximate 9% net increase to the operating budget of \$120,000.

The board briefly discussed. **Chair Johnson-Banks requested a motion to approve the Resolution to Amend the Fiscal Year 2018 Budget. Mr. Smith moved and Mr. Rice seconded. The resolution passed unanimously.**

Resolution to Terminate Retirement Plan: The Finance Authority of New Orleans Retirement Plan & Trust (Action Item) – Mr. Burns informed the board that this plan as well as the Deferred Compensation Plan is associated with the existing retirement plan. A new plan structure has been selected therefore, the current plans must be terminated. All of the adjustments for the accounts and outstanding balances will be transferred to the plan's account/subaccount holders. Mr. Friend inquired if the previous employees had to pay taxes on the payments they received. Ms. Brown stated yes, they are required to pay taxes if they elect for early distribution. There being no further discussion, **Chair Johnson-Banks requested a motion to approve the Resolution to Terminate Retirement Plan: The Finance Authority of New Orleans Retirement Plan & Trust. Mr. Friend moved and Mr. Smith seconded. The resolution passed unanimously.**

Resolution to Terminate Retirement Plan: The Finance Authority of New Orleans Deferred Compensation Plan (Action Item) – There being no discussion, **Chair Johnson-Banks requested a motion to approve the Resolution to Terminate Retirement Plan: Deferred Compensation Plan. Mr. Friend moved and Mr. Smith seconded. The resolution passed unanimously.**

Resolution Requesting a 3-Month Extension for Marketing Contract with BAMB Communications (Action Item) – Mr. Smith informed the board that this item was discussed in detail during the Programs Committee Meeting. He noted that the committee recommends the board approve the 3-month contract extension in the amount of \$3,750 that will end July 31, 2018. Ms. Cutrer informed the board that BAMB's initial contract was at a discounted rate of \$45,000 but the new proposal is higher at \$123,000. She stated that management is examining BAMB's scope of work to determine what items can be done inhouse to cut costs. Mr. Burns informed the board that the extension was included in the budget. There being no further discussion, **Chair Johnson-Banks requested a motion to approve the Resolution Requesting a 3-Month Extension for Marketing Contract with BAMB Communications. Mr. Rice moved and Mr. Friend seconded. The resolution passed unanimously**

Resolution Approving Health & Retirement Benefits Plan Provided by CK8 Financial LLC (Action Item) – Ms. Brown informed the board that this is a 457B plan provided by Chad Kennedy of CK8 Financial, There being no additional discussion, **Chair Johnson-Banks requested a motion to approve the Resolution Approving Health & Retirement Benefits Plan Provided by CK8 Financial LLC. Mr. Smith moved and Mr. Rice seconded. The resolution passed unanimously.**

Resolution to Authorize the CEO to Enter into Contracts & Agreements with the City of New Orleans (Action Item) – This resolution would allow Mr. Burns to enter into contract with the City of New Orleans for monetary assistance via the Neighborhood Housing Improvement Fund (NHIF) on behalf of FANO. Ms. Brown stated that this item had already been budgeted for \$250,000. There being no discussion, **Chair Johnson-Banks requested a motion to approve the Resolution to Authorize the CEO to Enter into Contracts & Agreements with the City of New Orleans. Mr. Smith moved and Mr. Rice seconded. The resolution passed unanimously.**

Mr. Burns stated that the board will take off in July. Board meeting will reconvene in August.

Chair Johnson-Banks and Mr. Smith exited the meeting.

Chair's Report

No discussion.

CEO's Report

Mr. Burns briefly discussed the following:

Market and Legislative Update

- Treasury and Mortgage rates rallied year highs then settled back towards yearly averages
- Dodd-Frank Rollback loosens regulations that were put into effect after 2008 Financial Crisis
- FOMC meeting for June raised the Federal Funds rate by 25 basis points to 1.75% to 2% range
- Recent housing market report has Orleans Parish housing market as overvalued
- Opportunity Zone Program: Mr. Burns stated that the zones are a chance to redirect capital from private investment markets into community development projects.

Monthly Highlights

- NALHFA Conference was well received
- FANO named key strategic partner in Mayor Cantrell's transition plan
- Launched online homebuyer education platform May 29th

Programs Performance Report

Ms. Cutrer briefly gave a report on Programs:

Own New Orleans

- One loan closed in May
- Evaluating new single-family program structure from George K. Baum with consultants Caine Mitter; estimating changes in effect by mid-August
- Launched online homebuyer education platform May 29th
- Launched Freddie Mac affordable subsidy product on June 1st.
 - \$1,500 for borrowers earning under 80% AMI
 - \$2,500 for borrowers earning under 50% AMI

Pathways to Homeownership

- 19 vacant properties within in the portfolio. Assessments are being done to prepare them for either homeownership or affordable renters.

NOHMA

- Documented servicing process for CDBG soft-second loans maturing in 2019-2020

Research and Development

- Single-Family Resiliency: Concluded research project with Tulane MSRED fellow

Multi-Family

- Discussing options and reviewing agreements with bond counsel, HUD, Freddie Mac, FHLB & local HFAs to pilot investments

Staffing

- Customer Service Representative, Trenika Starks will begin on Monday, June 25th.

Technology

- Finalizing quotes for loan origination software which will allow potential homeowners to file applications online directly with FANO. Will have final numbers at the next board meeting.

Finance & Investments Committee Report

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

Operating Fund

- Revenue for May 2018 totaled \$29k, which is under budget by approximately \$16k, due to a reduction in single family loan activity and the restructuring of multi-family program income. Operating Expenses for May 2018 total \$111K. Unrestricted Reserve Fund is being used to offset current deficit of \$81k. Positive variance of \$19.5K in general operating expenses.

Net Asset Position

- Net Assets on 5/31 were approximately \$13.7MM

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.

Pathways

- Operating expenses as of May 2018 total \$14.8K, which is comprised of monthly utilities, property maintenance and recurring hazard and flood insurance
- Accounting challenges and needs are: staffing, unsuitable financial software and inadequate internal controls

FANO's Asset Portfolio:

- Operating Fund
 - Total Assets - \$2,989,882
 - Total Liabilities - \$281,437
 - Net Assets - \$2,708,445
- Single-Family Fund
 - Total Assets - \$256,563
 - Total Liabilities - \$16,440
 - Net Assets - \$240,123
- Pathways to Homeownership
 - Total Assets - \$2,995,983
 - Total Liabilities - \$46,981
 - Net Assets - \$2,995,983
- Total Net Assets - \$5,944,551

Mr. Friend asked when will FANO begin to make money. Mr. Burns stated that more single-family loans and multi-family programs need to be produced. An analysis will be given at the next board meeting.

Strategic Plan Report

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

1. People Development
2. Technology and Office Upgrades
3. Single Family Resiliency Program Launch
4. Homebuilding Program Pilot
5. Multifamily Program Development
6. Fundraising (Opportunity Zones/CRA)

Challenges:

- Local economy has bright spots but quality of life remains stagnant
- Intense competition from commercial banks and CDFI's for talent and business
- Uncertain political and monetary environment

Executive Session

There was no need for executive session.

Other Business

There was no old business to discuss.

Public Comment

