



**MINUTES OF THE FINANCE AUTHORITY OF NEW ORLEANS
BOARD OF TRUSTEES MEETING
Thursday, May 24, 2018**

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

Members Absent: Mr. Terrence Rice

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: Dietra Cummings, Mr. Steven Kennedy (REO, LLC) & Mr. Stephen Daste

Chair Johnson-Banks called The Finance Authority's Board Meeting to order at 3:58pm.

Old Business

There was no old business to discuss.

New Business & Board Actions

Acceptance and Approval of the April 19, 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 April 19, 2018 Board of Trustees Meeting. Secretary/Treasurer Clark moved and Mr. Friend seconded. The motion passed unanimously.**

Chair's Report

Chair Johnson-Banks thanked the staff and board for their work during the NALHFA Conference. She stated that the welcome reception was well done and the 3-hour housing tour throughout the city was amazing. Dr. Clark added that this year's conference was one of the best NALHFA conferences that he's attended. He stated that he enjoyed Mr. Burns' Housing & Development Technology Panel. Mr. Burns thanked the board for allowing FANO to be creative during the planning stages.

Chair Johnson-Banks stated that she would like to propose the idea of taking a month off during the summer. Mr. Burns will decide at a later date.

CEO's Report

Mr. Burns briefly discussed the following:

Market and Legislative Update

- Opportunity Zone Program is a public-sector incentive program that's designed to bring more private capital into target areas of the city. Zones chosen for Louisiana; 25 within Orleans Parish. Mr. Burns stated that the zones are a chance to boost FANO's program with new funding.
- State Legislature has moved to ban Inclusionary Zoning which may affect affordable housing within Orleans Parish. GNOHA is taking the lead on behalf of the local housing community.

- Trump administration still undergoing several renegotiations including NAFTA and negotiations with China on current tariffs.
- Management attends C40 conference in NYC. Mr. Burns noted that this was an international conference of cities where FANO presented in conjunction with the City of New Orleans.
- Developing relationships with new City Council and Mayor's Office. Mr. Burns met with the Mayor's top advisors.

Programs Performance Report

Ms. Cutrer briefly discussed Programs:

Own New Orleans

- Closed 4 loans YTD 2018; 25 loans FY 2017
- Evaluating new single-family program structure with Caine Mitter; estimating changes in effect by mid-July
- Launching online homebuyer education platform June 1st
- Updated website with local partner programs and links on homeowner energy-efficiency, storm water management and hurricane-preparedness
- Launching 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

- 1 property was sold in March with 19 properties remaining in portfolio.
 - Procured Project Manager & Consultant to maintain properties and analyze repair costs and market prices; estimating report by June 15th.

Ms. Cutrer informed the Board that the property located at 7040 Bamberry was assessed by Energy Smart and it was determined that sealing & insulation needs to be completed. She stated that the goal is to partner with Energy Smart to repair more properties. Mr. Burns added that some of the Pathways properties are being used to pilot new ideas and should be completed by year's end.

NOHMA

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

Research and Development

- Single-Family Resiliency: Concluded research project with Tulane MSRED fellow Evaluating options to pilot loan program for resiliency, energy-efficiency and stormwater management improvements through Own New Orleans & Pathways.
- Multi-Family: Discussing options with bond counsel, HUD, Freddie Mac, FHLB & local HFAs to pilot investments

Staffing

- 2 new hires: Community Relations Representative will begin on June 11th and Customer Service Representative to start June 25th.

Finance & Investments Committee Report

Ms. Brown highlighted items of importance:

Operating Budget Report

- Revenue for April 2018 totaled \$34k, which is under budget by approximately \$11k, due to a reduction in single-family loan activity and restructuring the multi-family program.
- Positive variance of \$19.5K in general operating expenses.
- Pathways total operating expenses as of April 2018 was \$77k, which is comprised of property taxes, monthly utilities and recurring hazard and flood insurance.
- Reconciliations on the 682 Pride loans are complete. Staff is currently working with Auditor's to adjust the reporting figure and next steps in the write-off process.

FANO's Asset Portfolio:

- Cash - \$9,748,915.96 (46%)
- U.S. Treasuries - \$1,786,261.78 (8%)
- MBS - \$8,149,130.06 (38%)
- Net Assets - \$13,688,428.91

Finance Department Challenges:

- Staffing, availability of resources, unsuitable financial software, inadequate internal systems and procedures, and legacy loan servicing are accounting department challenges

Strategic Plan Report

Mr. Burns reminded the board of a memo that was distributed prior to today's meeting, noting the organization's challenges, opportunities & proposed actions. Mr. Burns briefly summarized:

Challenges

- FANO has a .025% market share of the \$1 billion Orleans Parish single family mortgage market with relatively minimal community awareness
- FANO is unable to issue 4% multifamily bonds due to a prohibition in Louisiana Housing Corporation's Qualified Action Plan. Mr. Burns stated that he will be working with the City to get this rule changed.
- Auditing and compliance functions lack the resources needed to satisfy the financial, regulatory and risk management standards described in FANO's policy manual

Opportunities

- Mayor Cantrell has identified FANO as a key player in the City's master plan for housing and economic development
- Innovative fundraising options that have historically been inaccessible are now available for housing and development finance agencies
- Cities around the planet are sharing resources to mitigate the effects of climate change and New Orleans is one of the primary models being studied

Actions

- Continue upgrading infrastructure – FANO must implement critical policies and procedures in addition to upgrading internal and external facing technologies. Conversations with market participants has revealed that we are losing potential customers to competition due to lack of operating and program infrastructure.
- Hire key staff – Additional human resources are needed to support accounting in establishing internal controls that are critical in safeguarding assets, along with compliance, programs operations and capital markets. These investments are immediate needs that will better position us to create new revenue streams. Fundraising the amount of funds, we are seeking will be difficult without the proper organizational controls and infrastructure. For example, investors will be hesitant to invest \$25 million into FANO without a sufficient accounting and capital markets team to manage the money.
- Launch online homebuyer education platform
- Will continue to support the City's administration
- Relocate/Renovate office – An inspection was completed and determined that the building's issues were insignificant. Due to the competitiveness of other work environments, modernization of the building is needed. Mr. Burns briefly discussed the following options: 1. Staff may need to relocate temporarily so that the building can be renovated. 2. Move permanently and find another use for the building that

