FINANCE NEW ORLEANS

The Finance Authority of New Orleans
(d/b/a Finance New Orleans or FNO)

OPEN REQUEST FOR INFORMATION FOR GREEN FINANCE SOLUTIONS (OPEN RFI: 003-2022)

Submittals Accepted Beginning: July 1, 2022, at 4:00 PM (CDT)

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1. PURPOSE:

Through this Request for Information, Finance New Orleans ("FNO") seeks financial solutions from investment banks and capital providers that will help accelerate the City of New Orleans' climate resilience efforts. This RFI is targeted toward investment banks and capital providers interested in providing financial solutions to support the following initiatives:

A. Financial solutions, including Direct Purchase and Underwriting solutions, for FNO's proposed $15 million Community Impact Bonds which are being issued to increase FNO's lending capacity for underserved groups of potential homeowners and affordable housing developers; and

B. Financial solutions, including Direct Purchase and Underwriting solutions, for FNO's ongoing Sustainable Housing and Resilient Infrastructure programs, including municipal bond issuance strategies, credit enhancement, tax credit equity, and other public financing tools.

2. FINANCE NEW ORLEANS BACKGROUND:

Finance New Orleans is a quasi-governmental financial institution with a mission to improve the quality of life in the City of New Orleans by investing in affordable housing, economic development, and climate resilience projects that produce quality jobs and wealth for residents. The City Council of New Orleans created Finance New Orleans in 1978 under the Louisiana Public Trust Code (La. Revised Statutes 9:2341-47). FNO was initially called the New Orleans Home Mortgage Authority but changed its brand to The Finance Authority of New Orleans in 1999. Finance New Orleans was recently adopted as a brand name in 2020 to reflect its future direction. Finance New Orleans is not a department or division of the City of New Orleans, but the City Council of New Orleans appoints its seven-member Board of Trustees.

Since our inception in 1978, Finance New Orleans has demonstrated its ability to work with various community stakeholders to accelerate investment in affordable housing. After investing over **$700 million** into the New Orleans economy and sustaining damage from multiple disasters, we are expanding our public finance offerings for a more holistic community impact. Our new vision is a resilient New Orleans with opportunity for all. Our focus areas include green buildings, renewable energy, water management, clean transportation, and nature-based solutions as identified in our Resilient New Orleans Finance Plan.

Long-Term Strategic Vision:

Of considerable importance to FNO is leveraging its public resources with private capital. We seek to act in furtherance of the City of New Orleans' ambitious environmental goals outlined in its Climate Resilience Plan. We are targeting a $1 billion community investment by 2032 in public financing that will physically transform housing and infrastructure in New Orleans.

After sustaining several natural and financial disasters, Finance New Orleans re-imagined its operations to focus on using climate resilience as an opportunity to protect and grow New Orleans to its full potential for all community stakeholders. In 2021, Finance New Orleans launched a 10-Year Strategic Vision that includes four goals:

- Use Climate Resilience to Physically Transform New Orleans
- Create Economic Development Opportunities
- Build Public Wealth for Community Reinvestment
- Grow as an Agile and Innovative Organization

For more information about Finance NOLA, please visit www.financenola.org.

3. PUBLIC FINANCE STRATEGY:

FNO intends to provide a predictable suite of public finance solutions but flexible enough to adjust to unique situations. Our goal is to maximize the potential for leverage of public resources while balancing the need for risk containment and financial sustainability. As such, FNO expects investments to take the usual forms, including:

- Tax-exempt and taxable bonds for financing single family, multifamily, and infrastructure loans
- Pre-development loans
- Down payment assistance
- Other senior and subordinated loans
- Loan loss reserves and guarantees
- Other forms of credit enhancement
- Syndicated loans
- Property tax abatements, including PILOT programs

4. MARKET CHALLENGES:

FNO has struggled to provide consistent impact over the last 15 years despite a multi-decade public investment track record. The disruption in our track record directly results from a series of disasters beginning with Hurricane Katrina and ending with the COVID Pandemic. Finance New Orleans had total assets of $395 million in 2005 compared to roughly $20 million in 2020. Accordingly, our net assets declined from $43 million to $10 million over the same period. We have reimagined our business model through the lens of resiliency to provide a more significant impact on our community. Our public finance toolkit includes bonds, mortgages, direct investments, and tax incentives. A strong balance sheet is needed to create a $1 billion public investment over the next fifteen years. FNO seeks creative financial solutions that will help it move from a traditional housing finance agency to a hybrid institution also focused on building resilient infrastructure to support housing investments. We propose $15 million of Community Impact Bonds to enable FNO to strengthen its balance sheet and increase lending activity to underserved markets. [Please see Attachment D for a term sheet on the proposed Community Impact Bonds.]

5. PROPOSERS ELIGIBILITY:

Proposers can apply on a standalone basis or as a team, such as a commercial bank partnering with a foundation. Whether the proposal comes from a standalone entity or as part of a team, proposers must have directly relevant experience with the financing type and the appropriate technologies. The RFI will accept proposals from, but not limited to, the following:

1) Private financial institutions
2) Foundations
3) Commercial Banks
4) Credit Unions/Community Development Financial Institutions
5) Investment Banks/Bond Underwriters
6) Investment Funds
7) Impact Funds

[CONTINUE TO NEXT PAGE]

ATTACHMENTS A-H

ATTACHMENT "A"

REQUESTED INFORMATION

Each Proposer shall carefully examine the RFI and any and all amendments, exhibits, revisions, and other data and materials provided concerning this RFI process. Proposers should familiarize themselves with all requirements before submitting their proposals. Should a Proposer have any questions that require clarifications or wish to request interpretations, the Proposer shall submit a written request to procurement@financeauthority.org. FNO shall respond to such written requests in type and may, if so determined, disseminate such written responses to other prospective Proposer(s) or post them to FNO's website.

Proposer Qualifications

Proposers who are investment banks shall respond to the following questions:

1. A description, in general terms, of the organizational structure and size of your Public Finance Department, particularly the housing staff and green infrastructure staff.

2. A listing of current and previous housing finance agencies or other issuers of Sustainability, Green, and/or Impact Bonds for which you have served and the capacity in which you served since 2019. For each financing, indicate the sale date, amount, rating, ESG label, and any relevant features.

3. Resumes of the personnel to be assigned to the Agency, including their proposed responsibilities, and which other housing finance agencies they are assigned to and in what capacity.

4. Please provide us with your firm's "equity capital position" (net capital) and "excess net capital position" based upon Securities and Exchange Commission regulations for uniform reporting (MSRB Rules G-37/38). What is your willingness to underwrite bonds that have not been placed with investors? Cite recent examples involving housing finance agencies.

Proposers who are commercial banks/investment funds/foundations shall respond to the following questions:

5. A description, in general terms, of the organizational structure and size of your firm/fund and any other relevant corporate information. Please include assets under management, if applicable.

All Proposers shall respond to the following questions:

6. Provide track record of Sustainability, Green, and/or Impact Bonds financing experience.

7. Provide track record of investing or providing access to capital solutions in the State of Louisiana and New Orleans.

8. Are you interested in investing in or underwriting our proposed Community Impact Bonds described in the Term Sheet provided in Attachment D? If yes, please outline the proposed terms you are willing to invest/underwrite.

9. Are there alternative financial solutions you recommend to help FNO reach its community impact goals?

10. FNO is currently unrated by credit rating agencies. However, we target an investment-grade issuer rating within the next five years. How can your organization leverage its credit rating to help accelerate FNO's path to an investment-grade issuer rating?

11. What services can your organization provide to assist FNO in reentering the municipal bond market to fund its core programs?

12. Provide the following:
    - Corporate statement on commitment to Racial Equity practices
    - Corporate statement on commitment to Environmental, Social, and Governance practices

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ATTACHMENT “B”

REQUEST FOR “RFI” REQUEST FOR INFORMATION INSTRUCTIONS

A. Respondents shall submit the following to Finance New Orleans, via email at procurement@financeauthority.org. This is an open RFI, and Respondents can begin submitting proposals at 4:00 PM (CDT) on July 1, 2022.
B. Offeror shall also provide (as a PDF file) a signed cover letter including the company’s name, address, and primary contact for the qualification proposal.
C. The primary contact information shall include the submitter’s name, telephone, and email address.
D. Proposals should clearly demonstrate the applicant’s qualifications to perform the needed services and attend to all factors applicable in a professional relationship.
E. Proposals should include detailed resumes or curricula vitae for the principals performing the services. Copies of the solicitation and related information are available from the FNO’s website at http://www.financenola.org.
F. FNO will not accept proposals submitted by fax.
G. Questions/Clarifications can be submitted via email to procurement@financeauthority.org. Responses to Questions/Clarifications will be posted on FNO’s investor relations website at www.financenolainvestors.com.
H. If FNO identifies a likely service provider, it may negotiate a final agreement with the provider and fix the relationship by Professional Services contract.

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FINANCE NEW ORLEANS

ATTACHMENT "C"

CONFLICT OF INTEREST / CONFIDENTIALITY

[PLEASE PROVIDE)

The Proposer covenants that it presently has no interest, and shall not have any interest, direct or indirect, which would conflict in any manner with the performance of services required under this RFI. Without limitation, Proposer represents to and agrees with Finance New Orleans that Proposer has no present, and will have no future, conflict of interest between providing Finance New Orleans open request for capital solutions services hereunder and any other person or entity which has any interest adverse or potentially adverse to Finance New Orleans, as determined in the reasonable judgment of the Finance New Orleans. The Proposer agrees that any information, whether proprietary or not, made known to or discovered by it during the performance of or in connection with this RFI, (**REQUEST FOR INFORMATION FOR GREEN FINANCE SOLUTIONS**) will be kept confidential and not be disclosed to any other person. The Proposer agrees to immediately notify Finance New Orleans by notices, if it is requested to disclose any information made known to or discovered by it during the performance of or in connection with this Agreement. These conflict of interest and future service provisions and limitations shall remain fully effective five years after termination of services to Finance New Orleans hereunder.

Signature: _____________________ **Date**: ______________________

Printed Name: _________________________________

I "IMMEDIATE FAMILY" IS HEREBY DEFINED AS YOUR SPOUSE, YOUR CHILDREN, THE SPOUSES OF YOUR CHILDREN, YOUR BROTHERS AND THEIR SPOUSES, YOUR SISTERS AND THEIR SPOUSES, YOUR PARENTS, AND THE PARENTS OF YOUR SPOUSE.

II "PERSON" IS HEREBY DEFINED AS AN INDIVIDUAL OR LEGAL ENTITY OTHER THAN A GOVERNMENTAL ENTITY, OR ANY AGENCY THEREOF.

III "SUBSTANTIAL ECONOMIC INTEREST" IS HEREBY DEFINED AS AN ECONOMIC INTEREST WHICH IS OF GREATER BENEFIT TO THE PUBLIC SERVANT OR OTHER PERSON THAN TO A GENERAL CLASS OR GROUP OF PERSONS, EXCEPT:

a) THE INTEREST THAT THE PUBLIC SERVANT HAS IN HIS POSITION, OFFICE, RANK, SALARY, PER DIEM, OR OTHER MATTER ARISING SOLELY FROM HIS PUBLIC EMPLOYMENT OR OFFICE.
b) THE INTEREST THAT AN ELECTED OFFICIAL WHO IS ELECTED TO A HOUSE, BODY, OR AUTHORITY HAS IN A POSITION OR OFFICE OF SUCH HOUSE, BODY, OR AUTHORITY WHICH IS REQUIRED TO BE FILLED BY A MEMBER OF SUCH HOUSE, BODY, OR AUTHORITY BY LAW, LEGISLATIVE RULE, OR HOME RULE CHARTER.
c) THE INTEREST THAT A PERSON HAS AS A MEMBER OF THE GENERAL PUBLIC.

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ATTACHMENT "D"
TERM SHEET

Finance New Orleans Community Impact Bonds
Series 2022 Summary of Terms

(PRELIMINARY DRAFT)

Issuer	Finance New Orleans Authority d/b/a (Finance New Orleans or FNO) ("the Issuer")
Issue Name	Community Impact Bonds ("the Bonds")
Offering Amount	$15,000,000
Tax Status	Taxable
Credit Rating	TBD
Impact/Green Bond Certification	See Preliminary Technical Memorandum for forecasted impact, evaluation, and reporting commitments related to the Community Impact Bond status. FNO will self-certify related to the Green Bond status.
Purpose of Issue	The Bonds are being issued to accelerate the Issuer's new strategic vision for a more resilient New Orleans. Our Resilient New Orleans Finance Plan outlines a public sector vision for the physical and economic transformation of New Orleans. We seek to create a $1 billion economic impact by 2030 by investing in sustainable and affordable housing, emerging entrepreneurs, stormwater infrastructure, renewable energy technologies, nature-based solutions, clean transportation, and more.
Maturity Schedule	See table below. *2023 Maturity is forgivable after one year
Interest Payment Dates	Capital Appreciation Bonds/Zero-Coupon Bonds. Interest will be paid at the time of principal repayment.

Maturity Schedule:

Maturity	Principal Amount	Interest Rate
2023*	2,500,000	TBD
2032	12,500,000	TBD
Total	**$15,000,000**	

*2023 Maturity is forgivable after one year

<table>
<tr><td>Use of Proceeds</td><td>Proceeds from the bond issuance will be used to support the following areas of our operations:

<table>
<tr><th>Uses</th><th>Amount</th></tr>
<tr><td>Operating Expenses (covered by forgivable portion of bond listed above)</td><td>2,500,000</td></tr>
<tr><td>Sustainable Homeownership Program Reserves</td><td>2,500,000</td></tr>
<tr><td>Sustainable Developer Program Reserves</td><td><u>10,000,000</u></td></tr>
<tr><td>Total Uses</td><td>$15,000,000</td></tr>
</table></td></tr>
<tr><td>Use Restrictions</td><td>Proceeds from issuance of the Bonds are restricted in use. Use of bond proceeds are limited to reimbursing program lenders for losses associated with defaulted single family and multifamily mortgages. With exception to proceeds received from the forgivable 2023 maturity, the Issuer is prohibited from using bond proceeds for general fund operating expenses.</td></tr>
<tr><td>Security & Repayment Sources</td><td>Net revenues generated from the Issuer's core program activities including mortgage lending, bond financing, and tax exemption contracts will be used to repay the Bonds at final maturity.</td></tr>
<tr><td>Redemption Provisions</td><td>The Bonds are subject to optional redemption prior to the maturity date.</td></tr>
<tr><td>Continuing Disclosure</td><td>The Issuer maintains an investor relations website at www.financenolainvestors.org hosted by Bond Link, LLC.</td></tr>
</table>

ATTACHMENT E: FNO Impact Bond

Preliminary Technical Memorandum

Finance New Orleans

Resilient New Orleans Community Impact Bond
(Sustainability Bonds)
Series 2022

Preliminary Technical Memorandum
Date: May 23, 2022

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Summary of New Orleans Community Impact Bond

Financial Summary	
Par Amount	$15,000,000
Tax Status	Taxable
Credit Rating	TBD
Final Maturity	15 years
Interest Payments	Capital Appreciation Bonds w/ interest due at maturity
Use of Proceeds	▪ FNO enterprise-level growth capital ▪ Debt service reserve and loan loss replacement funds for the Single-Family Green Mortgage program ▪ Debt service reserve and loan loss replacement funds for the Sustainable Developer FHA Risk-Share Bonds program
Use Restrictions	$12.5M of proceeds limited to reimbursing program lenders for losses
Security	Net revenues from FNO program operations
Impact Summary	
ESG Bond Designations	Community Impact Bond, ICMA Sustainability Bond (ICMA Social Bond, ICMA Green Bond)
Impact Narrative Summary	Low-credit single-family mortgage borrowers and Disadvantaged Business Enterprises face difficulties accessing traditional financing. The FNO CIB will capitalize reserve funds to allow FNO to extend mortgage- and developer-financing to these groups, granting them greater economic opportunity and accelerating wealth-building.
Target Populations	▪ Single-family mortgage borrowers with credit <660 ▪ Disadvantaged Business Enterprises (small businesses owned by a member of a recognized disadvantaged population, including but not limited to African Americans, women, and Hispanic Americans)
Project Types	Affordable housing, green infrastructure, energy efficiency
Primary Outcome Metric 1:	Metric: Number and cumulative amount of single-family green mortgages originated for borrowers with credit <660 Projected quantities: 1338 mortgages, $294M total amount originated
Primary Outcome Metric 2:	Metric: Number of affordable housing units built by and FNO financing received by DBE developers Projected quantities: 2016 affordable housing units built, $385M total financing received
Secondary Outcome Metric:	Metric: Gallons of stormwater storage capacity added by green infrastructure Project quantities: 1,178,182 gallons
Other projected impacts:	49,992 tons CO2 emissions avoided, 16 green jobs supported
Quantification & disclosure frequency	Annual quantification and disclosure to investors of Primary and Secondary Outcome Metrics

Definitions

The following definitions are used in this Technical Memorandum:

- "Disadvantaged Business Enterprise": A small business certified by the state of Louisiana as being majority owned by a member of a recognized disadvantaged population, including but not limited to African Americans, women, and Hispanic Americans.
- Community Impact Bond": A debt instrument characterized by an evaluation and disclosure of supported projects' social and in some cases also environmental outcomes, as well as, in some cases, performance payments contingent on the measured outcomes being above or below pre-determined thresholds. (Note that the Finance New Orleans CIB contains the evaluation and disclosure of project outcomes only, and not the performance payment feature.)
- "Environmental, Social, and Governance" (ESG): Non-financial characteristics of an organization or project that may inform financial or investment analysis. Examples include contributions to climate change adaptation, or addressing social or economic injustice.
- "Final Report": A report delivered by the Validator to the Issuer at the end of the measurement period that contains the validated measurement of the Primary Outcome Metric and its deviation from pre-implementation estimates.
- "FNO CIB": Resilient New Orleans Community Impact Bonds
- "International Capital Market Association Green Bond Principles": Voluntary guidelines promulgated by the International Capital Market Association to promote standardization, transparency, and integrity in green bond issuances.
- "International Capital Market Association Social Bond Principles": Voluntary guidelines promulgated by the International Capital Market Association to promote standardization, transparency, and integrity in social bond issuances.
- "International Capital Market Association Sustainability Bond Guidelines": Voluntary guidelines promulgated by the International Capital Market Association to promote standardization, transparency, and integrity in sustainability bond issuances.
- "Issuer": Finance New Orleans.
- "Outcomes": The various anticipated impacts of the Sustainability Programs, such as an increase in single-family home ownership by low credit borrowers, or an increase in affordable housing. The Outcomes are discussed in more detail in Section 4 ("Discussion of Program Objectives").
- "Primary Outcome Metric": The program outcome(s) chosen for measurement as part of the CIB transaction, representing the main program objectives. In the case of the FNO CIB, the two Primary Outcome Metrics are Single-Family Green Mortgaged Originated and Units of Affordable Housing Constructed.
- "Purchaser(s)": Investor(s), Lender(s), or Institution(s) who purchase the FNO CIB from the City.
- "Secondary Outcome Metric": The program outcome(s) chosen for measurement as part of the CIB transaction, representing ancillary program objectives. In the case of the FNO CIB, the two Secondary Outcome Metrics are Reduced CO_2 Emissions and Gallons of Stormwater Diverted.

- "Single-family Green Mortgage": One of a range of single-family mortgage products offered by FNO as part of its Green Finance Business Model, and the main product of its Sustainable Homeownership Service Area. One of the Sustainability Programs supported the FNO CIB. Further description is available on the FNO website at https://financenola.org/greenmortgages/
- "Sustainable Developer Credit Enhanced Bond Program": Bonds issued by FNO to support developers, particularly DBE developers, building multi-family housing units, including affordable housing units. As one of the Sustainability Programs supported by the FNO CIB, the bonds are supported by a loan loss reserve capitalized by FNO CIB proceeds. Further description is available on the FNO website at https://financenola.org/programs/developer-program/
- "Sustainable Developer Service Area": one of the four Service Areas constituting the main program activity categories of FNO, primarily providing financial services to developers of housing developments.
- "Sustainable Homeownership Service Area": one of the four Service Areas constituting the main program activity categories of FNO, primarily providing financial services to single families.
- "Sustainability Programs": The additional single-family mortgage and affordable housing developer products to be supported with the proceeds of the FNO CIB. The Sustainability Programs are part of FNO's Green Finance Business Model. They are discussed in more detail in Section 2 ("Description of Sustainability Programs").
- "United Nations Sustainable Development Goals": A set of 17 ESG goals articulated by the United Nations that address shared global challenges and form "the blueprint to achieve a better and more sustainable future for all."[1]
- Third-Party Validator: Third-party independent entity that will corroborate reported quantities of achieved Secondary Outcome Metrics for FNO.

[1] https://www.un.org/sustainabledevelopment/sustainable-development-goals/

1. Introduction

1.1 Purpose of the Technical Memorandum

The purpose of this document is to describe the Sustainability Programs financed by the FNO CIB, their goals and anticipated Outcomes, and the methodology behind pre-issuance estimation and post-issuance evaluation of the Primary and Secondary Outcome Metric. It also discusses the selection process for the Sustainability Programs, how the bond proceeds will be limited to the Sustainability Programs, the qualifications of the FNO CIB under certain current third-party evaluation frameworks, and the disclosure of Outcomes to the bondholders.

1.2 Community Impact Bond Overview

Community Impact Bonds, or CIBs, are a type of bond issuance that is characterized by two key features:

1. *Use of proceeds for socially beneficial projects or programs:* Projects and programs chosen to be funded by Community Impact Bonds have social and in some cases also environmental benefits which can be articulated and quantified. The projects are consistent with well-known "ESG bond" guidelines such as the "Sustainability Bond Guidelines" promulgated by the International Capital Market Association ("ICMA") in June 2021.[2] The FNO CIB supports Sustainability Programs that provide access to financial services, affordable housing, and climate resilience to populations historically restricted from these basic services.

2. *Outcome evaluation and disclosure*: Each Community Impact Bond offering specifies one or more measurable project outcomes that will be quantified and disclosed to investors. The outcome(s) measured have a link to the projects' overall environmental and/or social goals. For the FNO CIB, the Primary Outcome Metrics are Single-Family Green Mortgages Originated and Affordable Housing Units Created.

Some CIBs may include a performance payment feature, which allows the issuer to share risks and/or benefits of the projects with investors. Those payments are triggered when project outcomes are measured above or below pre-determined thresholds. These payments are sized to the projects' costs and benefits based on an economic analysis. The FNO CIB does not contain any performance payment features.

The FNO CIB will finance enterprise-level growth, and the growth and expansion of two Sustainability Programs that provide economic opportunity and climate resilience to New Orleanians by providing access to housing and infrastructure financing for lower

[2] https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/

credit and disadvantaged borrowers. As prototype programs, FNO is interested in the evaluation of the Outcomes of these programs funded by the FNO CIB proceeds in order to inform future capital investments in Sustainability Programs.

1.3 Finance New Orleans Overview

Finance New Orleans (FNO) is a housing and development finance agency serving all New Orleanians. Founded by the City Council of New Orleans in 1978 as the "New Orleans Home Mortgage Authority," FNO began by recognizing and acting on the demand for more affordable home mortgage financing. Today, FNO operates as a quasi-governmental green financial institution with a seven-member Board of Trustees appointed by the City Council of New Orleans.

FNO operates as a specialty bank by making investments that are generally unattractive to conventional sources of financing, including providing mortgage financing for low-to-moderate-income families and credit support for affordable rental and community development projects. For over 40 years, FNO has been committed to making homeownership possible for more families in New Orleans. Since 1979, FNO has invested more than $650 million into the New Orleans economy primarily focused on homeownership (including more than 8,000 mortgages) for low-to-moderate-income families. Since 2005, following Hurricane Katrina, FNO has focused on maintaining reserves, rebuilding its balance sheet, and promoting homeownership in New Orleans.

Figure 1: FNO Investment History from 1979 to 2021

Surviving multiple disasters over the course of 15 years taught FNO the importance of a holistically developed physical community along with an effective public financing ecosystem. Sustainable housing in the absence of resilient infrastructure is an inefficient use of public capital. Too narrow of a public investment strategy in either direction substantially increases risks for all stakeholders. Furthermore, the economic opportunities presented by holistic community development affords New Orleans the chance to genuinely address the City's racial wealth gap. In 2017, The City of New

Orleans empowered FNO to expand its mission beyond housing in an effort to create massive economic impact for all New Orleanians.

2. Description of Sustainability Programs

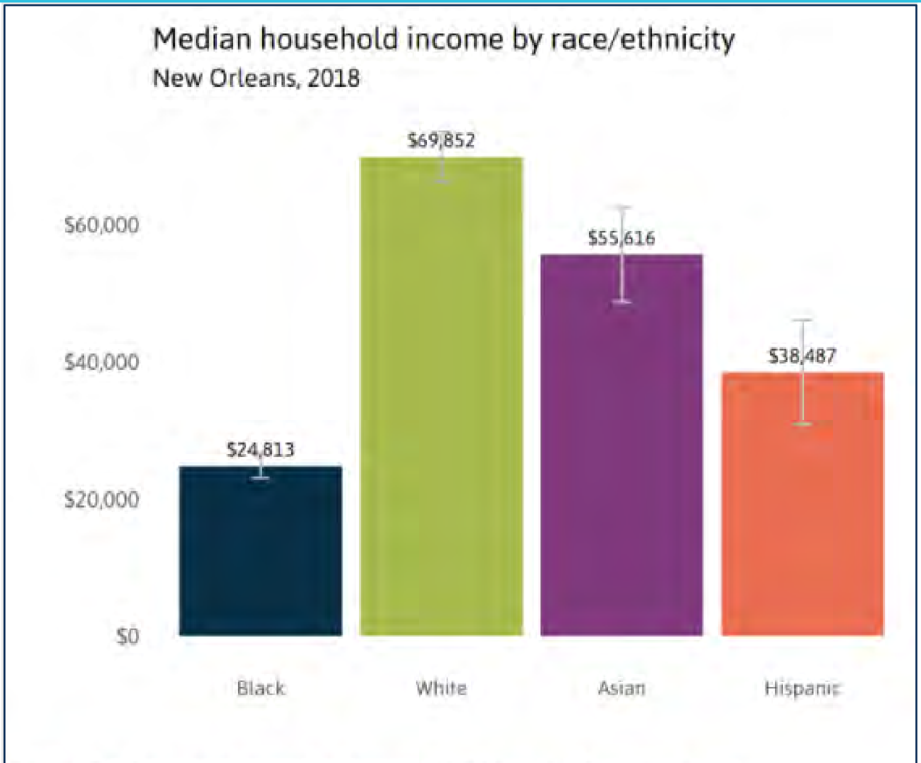
2.1 Description of Program Area and Needs: Economic opportunity, affordable homeownership, and climate resilience in New Orleans

Individuals and families living in New Orleans can face very different economic and climate futures depending on their location, race, socioeconomic background, and access to financial services. The Sustainability Programs financed by the FNO CIB are intended to begin to undo these longstanding, systemic challenges.

Income Inequality

According to the 2019 American Community Survey, New Orleans has the 4th greatest income inequality gap of large cities in the United States.[3] With the top 1% making 29 times more than the bottom 99%, it has the largest gap in Louisiana. [4] Residents of the city of New Orleans have incomes 33 percent lower than the national average, with half the city's households earning less than $38,681.[5] Further, the income disparity between black and white households in New Orleans is 54%, compared to 40% nationally – with average black households earning about 1/3 of white households.[6]

[3] https://www.usnews.com/news/cities/articles/2020-09-21/us-cities-with-the-biggest-income-inequality-gaps
[4] https://www.epi.org/multimedia/unequal-states-of-america/#/Louisiana
[5] https://www.datacenterresearch.org/reports_analysis/prosperity-index/
[6]https://www.datacenterresearch.org/covid-19-data-and-information/demographic-data/#:~:text=Income%20and%20poverty%20by%20Race%2FEthnicity%20in%20New%20Orleans,-African%20Americans%2C%20who&text=The%20median%20household%20income%20for,and%20%2438%2C487%20for%20Hispanic%20households.



Source: *The Data Center analysis of data from 2018 American Community Survey.*

Figure 2: Income inequality in New Orleans, represented as median household income by race

Income mobility also varies greatly by race regardless of childhood household income or childhood census tract. Low-income black children experience less upward mobility in adulthood than white children who grow up at the same time, in households at the same income level, and in neighborhoods with similar average rates of upward mobility for all children – a fact contributing to the continued racial income gap across generations.[7]

[7] https://www.datacenterresearch.org/placing-prosperity/chapter-3.html

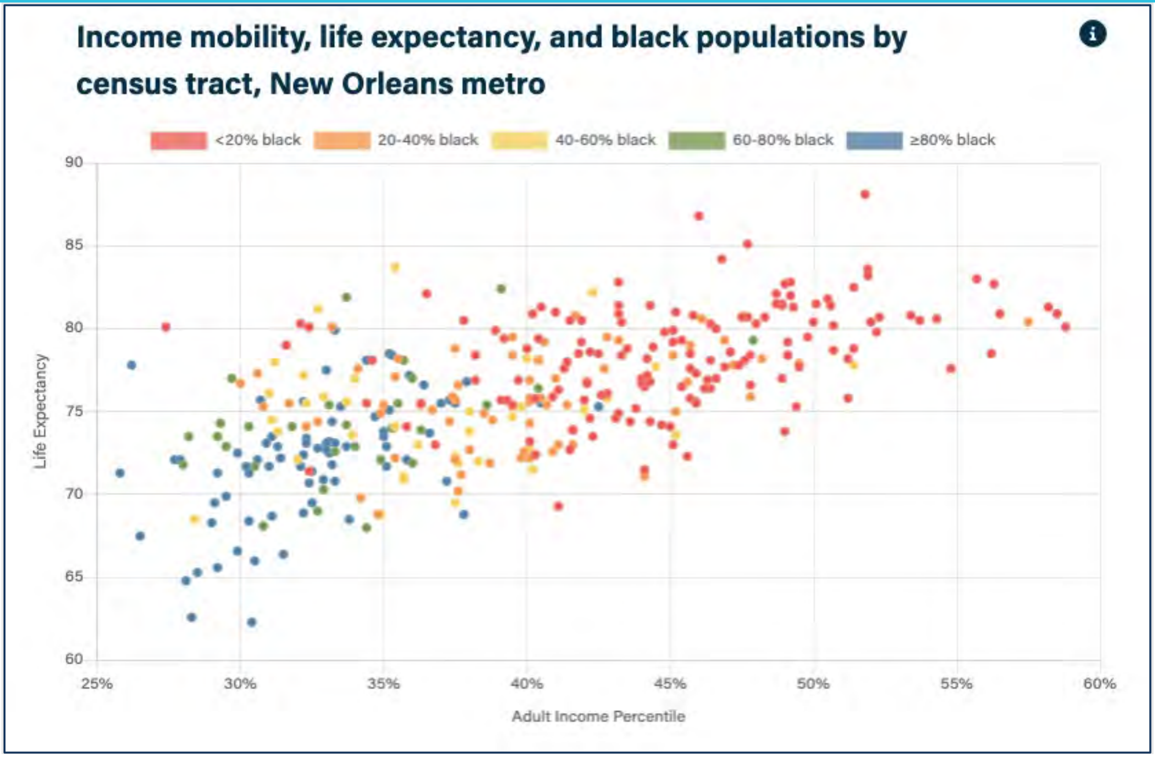


Figure 3: Income mobility and race in New Orleans, by census tract

Homeownership

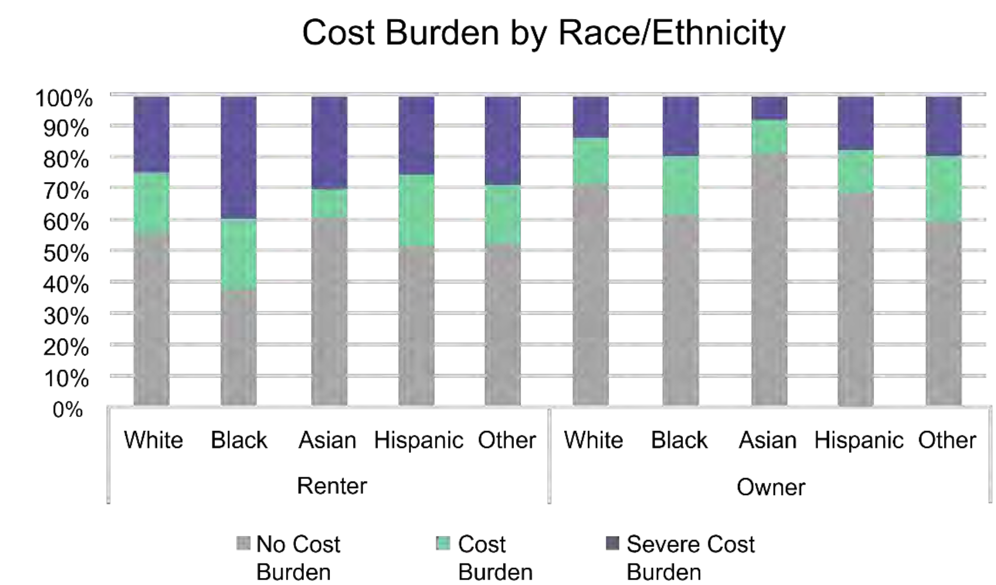
In the United States, homeownership is seen as key driver of economic mobility and wealth acquisition. Owning a home has also been found to be related to improved psychological health and greater participation in social and political activities.[8] Unfortunately, discriminatory practices in the real estate and banking sectors are still common and, when combined with rising home prices, can present obstacles to homeownership for individuals of color.

Saving for a down payment is a considerable barrier to homeownership. With rising home prices, rising interest rates, and tight lending standards, the path to homeownership has become more challenging, especially for low-to-median-income borrowers and potential first-time homebuyers. Barriers to homeownership are not limited to down payments alone; credit access remains tight by historic standards. Credit scores of new purchase mortgage originations has increased considerably since 2008 and as of 2018, the median credit score for purchase mortgages was 738. In comparison, before the financial crisis median credit scores were between 696 and 705. Borrowers with lower credit scores are more heavily concentrated in the FHA channel.[9] In New Orleans, 55% of renters are cost burdened, paying more than a third of their income towards housing costs, compared to 48% of renters nationwide. Between 2000

[8] https://www.datacenterresearch.org/reports_analysis/prosperity-index/
[9] https://www.urban.org/sites/default/files/publication/99028/barriers_to_accessing_homeownership_2018_4.pdf

and 2015, housing costs rose substantially for both homeowners and renters – with home values increasing by 54% and rent increasing by 50%. Despite these rising costs, median income remained unchanged between 2000 and 2015 when adjusted for inflation.[10] As expected, housing cost burden is not experienced equally by all races and ethnicities in New Orleans. The graph below shows the proportion of renters and homeowners who are cost burdened or severely cost burdened by race/ethnicity.

Cost Burden by Race and Ethnicity in New Orleans



Source: Department of Housing and Urban Development Comprehensive Housing Affordability Strategy. 2008-2012 5-Year Average

Figure 4: Cost burden as a barrier to homeownership in New Orleans, by race and resident type. Source: HousingNOLA 10 Year Strategy and Implementation Plan (2015)

Climate change

New Orleans is exposed to significant climate risk on multiple fronts, of which the city has highlighted the following five:

- Sea level rise;
- Rising temperatures and an increase in extreme heat days;
- Changes in annual precipitation with more extreme precipitation events;
- Increase in disease vectors; and,

[10] http://flux.modiphy.com/files/view/14208

- Decrease in air quality.[11]

The National Oceanic and Atmospheric Administration (NOAA) projects that New Orleans could experience 2 feet of sea level rise as soon as 2040 (compared to 2000 levels), and between 4.3 – 9.0 feet by 2100.[12] This rate is among the highest for major cities worldwide.[13] Days with temperatures over 95° F are projected to be five times more frequent by the end of the century.[14] Rainstorms, including hurricanes, are projected to be both heavier and more frequent.[15] About half of the current population of New Orleans lives below sea level[16], with nearly all of the most vulnerable communities in places most at risk of flooding.[17]

If the past is any indication of the future, the economic damage of climate change in New Orleans, if left unmitigated, will be severe. Tourism remains a critical economic driver, contributing 43% of the city's sales taxes from an average of $9 billion of economic activity per year. In the aftermath of Hurricane Katrina, the number of tourists dropped by over 40%, with a corresponding decrease in spending. The largest of New Orleans' private employers, shipbuilding, merchant shipping, cruise lines, oil and gas processing, food processing, and natural resources, are also directed impacted by climate events.

2.2 Description of FNO Sustainability Initiatives: FNO Green Finance Business Model

In 2019, FNO launched its Green Finance Business Model to integrate resiliency efforts alongside its existing affordable financing products. This strategic plan enables FNO to finance projects that advance green infrastructure, stormwater systems, and renewable energy across a wide swath of building types in New Orleans, including single-family housing, multi-family housing, and municipal and commercial buildings. FNO will continue to align with city agencies to target residents, partner with local contractors who will be responsible for implementing the retrofits, and work with Entergy to improve residential and commercial energy use. FNO also intends for its green financing activities to generate job opportunities, particularly green jobs. While many of the climate-vulnerable jobs in the tourism sector are low wage, the jobs created directly and indirectly by the Green Finance Business Model will create higher quality jobs that simultaneously mitigate the city's climate risks.

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[11] https://www.nola.gov/getattachment/Health/Climate-Change-(1)/Planning-Tools-and-Data/Climate-Change-and-Health-Report-2018-Final.pdf/
[12] https://coast.noaa.gov/snapshots/
[13] Jevrejeva et al., 2016. Coastal sea level rise with warming above 2° C. Proceedings of the National Academy of Sciences 113 (47) (2016).
[14] Rainstorms, including hurricanes, are projected to be both heavier and more frequent. https://toolkit.climate.gov/
[15] https://climatecheck.com/louisiana
[16] Campanella, R., 2010: Delta Urbanism: New Orleans. American Planning Association, 224 pp
[17] Martinich, J., J. Neumann, L. Ludwig, and L. Jantarasami, 2013: Risks of sea level rise to disadvantaged communities in the United States. Mitigation and Adaptation Strategies for Global Change, 18, 169- 185,

The driving force behind the Green Finance Business Model is this integrated approach to improving environmental, economic, and social resilience in New Orleans, particularly for the most vulnerable populations who are expected to be impacted most severely by climate change. The Green Finance Business Model is aligned around four Core Service Areas – Sustainable Homeownership, Sustainable Development, Resilient Infrastructure, and Resilient Innovation.

FNO Core Service Areas

1. Sustainable Homeownership: As New Orleans aims to meets its resilience and sustainability goals, the city's residents also face barriers to homeownership through high down-payment costs and closing fees. FNO's Sustainable Homeownership service area aims to address both these challenges by incentivizing resilience and energy efficiency investments alongside traditional single-family home loans through its Single-Family Green Mortgage Program. The program offers homeowners up to 5% of down-payment assistance (DPA) on their mortgage, which can be combined with FHA's EEM or 203KS loans to finance resilience, energy, and sustainability retrofits, including water, solar, and energy efficiency retrofits on their property. Future programs will include an unsecured green home loan for existing homeownership serving a variety of income levels. Current borrower eligibility criteria for the Single-Family Green Mortgage Program are described in Appendix A.1.
2. Sustainable Development: Under a 2020 Cooperative Endeavour Agreement between FNO, the Louisiana Housing Corporation, and the City of New Orleans, FNO can expand the financial products available to affordable housing developers. In addition to tax-exempt bonds, conduit issuances, and PILOTs (Payment In Lieu of Taxes), FNO can offer green infrastructure loans to developers building affordable and climate-resilient housing.
3. Resilient Infrastructure: FNO's Resilient Infrastructure Fund provides public financing tools for businesses, developers, and institutions to invest in sustainable infrastructure projects that lead to the physical transformation of New Orleans while creating economic opportunity. Our Resilient New Orleans Finance Plan provides a public sector framework for transitioning to a resilience-based economy using methods specific to the needs of New Orleans. Target projects financed by FNO include green building retrofits, clean transportation networks, clean manufacturing facilities, water management systems, renewable energy developments, and nature-based solutions designed for environmental healing. Financing tools being developed by FNO include municipal bond financing, credit enhancement, tax exemptions and an ongoing list of resilience-based public finance solutions. Resilient infrastructure is a multi-billion public investment that can transform New Orleans in multiple ways. FNO is issuing a second tranche of impact bonds in the amount of $15 million to accelerate the growth of our Resilient Infrastructure platform.

4. Resilient Innovation: The Resilient Innovation fund is a revolving loan fund that provides seed funding to innovative projects and companies that fit into the sectors outlined in the Resilient New Orleans Finance Plan. The Resilient Innovation Fund's broad objective will help seed projects and private sector companies aligned with making New Orleans a more resilient city. Specifically, the Resilient Innovation Fund aims to support innovative green projects that would help outcomes related to climate action, green economic development, sustainability, social equity, and economic justice and enable companies to develop innovative projects that meet the community's needs.

Proceeds will support enterprise-level growth and add two key programs (the "Sustainability Programs"):

1. The Single-Family Green Mortgages for Low Credit Borrowers (within the Sustainable Homeownership Core Service Area), and
2. The Sustainable Developer FHA Risk-Share Bonds (within the Sustainable Development Core Service Area).

The FNO CIB will catalyze FNO's transition into an equity-focused hybrid Housing Finance Agency and Green Bank. The injection of outside investment in this key early stage of Finance New Orleans's Green Finance Business Model will create cascading social and economic benefits to the populations of disadvantaged New Orleanians that FNO strives to serve. (See Appendix A.3)

2.3 Sustainability Program Description: Single-Family Green Mortgages for Low Credit Borrowers

The FNO CIB will enable FNO to expand its Sustainable Homeownership Core Service Area to address disadvantaged populations in New Orleans who face difficulties accessing mortgage financing. Currently, FNO's 3rd party Master Servicer enables FNO to originate a limited number of FHA/GSE mortgages that can be issued to families with credit scores <660. The FNO CIB will capitalize a credit enhancement pool that allows FNO to greatly expand the number of overall mortgage originations and improve access to green mortgages for borrowers with a credit rating below 660 (Section 4.1 Primary Program Objectives and Description of Impacts").

2.4 Sustainability Program Description: Sustainable Developer FHA Risk-Share Bonds

The FNO CIB will enable FNO to expand its Sustainable Developer Core Service Area to create economic opportunities for small businesses owned by disadvantaged populations. These Disadvantaged Business Enterprise ("DBE") developers are small and emerging enterprises that are majority owned by a member of a recognized disadvantaged population, and are typically less experienced, less connected, and less capitalized. The Fund gives first-mortgage financing and credit guarantees to developers of 4% Low Income Housing Tax Credit projects and non-profit affordable housing projects. The FNO CIB would allow the Sustainable Developer FHA Risk-Share Bond program to expand its services to Disadvantaged Business Enterprises (DBE) developers by capitalizing a credit enhancement pool (Section 4.1 Primary Program Objectives and Description of Impacts"), while simultaneously stimulating the production of affordable and sustainable housing projects. Project eligibility criteria for the Sustainable Developer bond programs are described in Appendix A.2.

2.5 Sustainability Program Description: Enterprise-level Growth Capital

A portion of the FNO CIB proceeds will support FNO enterprise-level growth and development. In 2005, prior to Hurricane Katrina, FNO's assets totaled $395MM but in comparison, assets totaled $33M in 2016. The execution and expansion of the Green Finance Business Model requires upfront capital and time to become self-sustainable. A portion of FNO CIB proceeds will be used to enable the expansion of offerings in the affordable housing and climate resilience space by financing the required staffing, enterprise technology, and organizational and financial infrastructure required to build out green banking activities.

3. Allocation of FNO CIB Proceeds

3.1 Use of FNO CIB Proceeds by Program

The FNO CIB is being issued to enable the financing of green mortgages and affordable housing construction by the Sustainability Programs, which are undertaken pursuant to the FNO Green Finance Business Model. FNO will provide annual reporting, covering the allocation of net proceeds to the Sustainability Programs. Reporting will take place a year following the issuance of the FNO CIB.

The $15MM Community Impact Bond will support the following uses:

Sustainability Programs	Allocation of Bond Proceeds (dollars)
Operating Expenses	$2,500,000
Single-Family Green Mortgage Program Reserves	$2,500,000
Sustainable Developer FHA Risk-Share Bonds Program Reserves	$10,000,000
Total	**$15,000,000**

Table 1: Planned allocation of CIB proceeds across the funded Sustainability Programs

3.2 Management of FNO CIB Proceeds

The net proceeds of the FNO CIB remaining after deduction of issuance costs will be used by the Issuer to pay costs of the Sustainability Programs. Net proceeds of the FNO CIB will be deposited and recorded separately tracking the use of and allocation of funds for Sustainability Programs. Internal budget/accounting systems or invoices are used to identify costs of Sustainability Programs, which are then marked against funds held in the Additional Eligible Projects. In the case where projects are delayed, any portion of the net proceeds that have not been allocated can be temporarily held in the account of the issuer and invested in cash or liquid fixed income instruments according to financial laws, policies, and regulations.

4. Discussion of Sustainability Program Objectives

4.1 Primary Program Objectives and Description of Impacts

The FNO CIB will enable two key programs ("Sustainability Programs") within core FNO Service Areas to expand access to financial services to New Orleanians who traditionally have difficulty doing so:

- The Single-Family Green Mortgage Program (within the Sustainable Homeownership Service Area), and
- The Sustainable Developer FHA Risk-Share Bonds (within the Sustainable Developer Service Area).

FNO CIB proceeds will capitalize a loan loss reserve fund within the Single-Family Green Mortgage program, allowing FNO to originate single-family green mortgages for families with credit scores below 660. This will jumpstart the wealth-creation process for families with low levels of initial household wealth that have difficulty accessing traditional financing, while also enabling adoption of climate-resilience features such as home energy savings kits, rooftop solar panels, additional insulation, rain barrels, rain gardens, and permeable pavement.

FNO CIB proceeds will also capitalize a loan loss reserve fund within the Sustainable Development Service Area, allowing Disadvantaged Business Enterprise (DBE) developers to fast-track participation in FNO's FHA Risk-Share Bond financing program. DBE developers financed through FNO bond financing will construct multifamily units, the majority of which will be affordable housing with climate-resilience features included. The FNO CIB will therefore represent not only economic opportunity to small business owners from disadvantaged populations, but also create further affordable resilient housing for New Orleanians.

Additionally, as part of its Green Finance Business Model, FNO will finance climate resiliency infrastructure (such as green infrastructure, energy efficiency upgrades, and onsite renewable energy) through both Sustainability Programs, making sure the home ownership opportunities created are not only affordable, but also sustainable.

As a result of the impact bond issuance, FNO expects to invest over $1 billion in the New Orleans community by 2030, while significantly growing its own balance sheet.

4.2 Alignment with other ESG and Environmental and Social Frameworks

4.2.1. Alignment with International Capital Market Association Sustainability Bond Guidelines

The FNO CIB and the funded Sustainability Programs are aligned with standards for issuing sustainability bonds under the International Capital Market Association's Sustainability Bond Guidelines ("ICMA SBG"). Proceeds from a sustainability bond must be aligned with both the International Capital Market Association's Social Bond Principles and Green Bond Principles, which are described for the FNO CIB in sections 4.2.2 and 4.2.3 below, respectively.

4.2.2. Alignment with International Capital Market Association Social Bond Principles

The FNO CIB and the funded Sustainability Programs are aligned with standards for issuing social bonds under the International Capital Market Association's Social Bond Principles ("ICMA SBP"). The Sustainability Programs' impacts are consistent with the ICMA SBP's Access to Essential Services, Affordable Housing, and Socioeconomic Advancement and Empowerment project classifications, and benefit the ICMA SBP's Excluded and/or Marginalized Populations and/or Communities, and Underserved target population categorizations.[18]

ICMA SBP Target Populations	Metric in Sustainability Programs
Excluded and/or marginalized populations and/or communities	Income of residents of housing created by Sustainability Programs, measured as a percent of Area Median Income ("AMI") Number of Disadvantaged Business Enterprises receiving FNO financing Credit quality of participants in Sustainability Programs

[18] https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/

Underserved, owing to a lack of quality access to essential services (financial services)	

Table 2: Alignment of populations served by Sustainability Programs with ICMA SBP Target Populations

ICMA Social Project Categories	Core Indicator	Metric in CIB Projects
Access to essential services (financial services)	Number of people provided with access to financial services	Number and total principal of green mortgages made to families with credit scores <660 through the Sustainable Homeownerships Program
Socioeconomic advancement	Number of people provided equitable participation and integration into the market and society	
Affordable housing	Number of dwellings constructed	Number of housing units constructed through the Sustainable Developer Program for residents of: ▪ 50% AMI ▪ 60% AMI ▪ 80% AMI ▪ 100% AMI ▪ 120% AMI ▪ 140% AMI

Table 3: Alignment of CIB-funded Sustainability Programs with ICMA Social Project Categories

Further, the FNO CIB fulfills the four core components of the ICMA SBP: Use of Proceeds; Process for Program Evaluation and Selection; Management of Proceeds; and Reporting.[19]

ICMA SBP Core Component	Indicator	CIB Technical Memorandum section(s)

[19] https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/

1. Use of Proceeds	- Categorization of social projects with clear social benefits	"Section 2: Description of Sustainability Programs" "Section 4.2: Alignment with other ESG and Environmental and Social Frameworks"
2. Process for Program Evaluation and Selection	- Clear communication of social objectives - Process by which issuer determines project fit under Social Project categories above - Information on processes to identify and manage perceived social and environmental risks associated with the Sustainability Programs	"Section 4: Discussion of Program Objectives" "Section 2.2: Description of FNO Sustainability Initiatives"
3. Management of Proceeds	- Net proceeds credited to sub-account or otherwise tracked in an appropriate manner - Formal internal tracking process, including periodically adjusting balance of tracked net proceeds	"Section 3.2: Management of FNO CIB Proceeds"
4. Reporting	- Annual reporting of use of proceeds until full allocation	"Section 7: Community Impact Bond and Sustainability Bond Reporting"

Table 4: Alignment of CIB-funded Sustainability Programs with ICMA Social Project Categories

<u>4.2.3. Alignment with International Capital Market Association Green Bond Principles</u>

The FNO CIB and the funded Sustainability Programs are aligned with standards for issuing green bonds under the International Capital Market Association's Green Bond Principles ("ICMA GBP"). The Sustainability Programs' impacts are consistent with the ICMA GBP's Green Buildings and Sustainable Water Management Projects project impact classifications.[20]

[20] https://www.icmagroup.org/green-social-and-sustainability-bonds/impact-reporting/

ICMA GBP Green Sector	Core Indicator	Metric in CIB Projects
Green Buildings Retrofitted Buildings – Energy Efficiency	Carbon reductions from renewable energy and energy efficiency investments	CO2-e emissions avoided (tons) through resilience installations in Sustainability Programs
Sustainable Water Management Projects Sustainable land and water resources management (SLM) systems in place	Extent of flood mitigation benefits created by sustainable land and water resources management practices	Stormwater storage capacity (gallons) of green infrastructure installations created by Sustainability Programs

Table 5: Alignment of the FNO CIB with the ICMA Social Bond Principles

Further, the FNO CIB fulfills the four core components of the ICMA GBP: Use of Proceeds; Process for Program Evaluation and Selection; Management of Proceeds; and Reporting.[21]

ICMA GBP Core Component	Indicator	CIB Technical Memorandum section(s)
1. Use of Proceeds	- Categorization of green project with clear environmental benefits	“Section 2: Description of Sustainability Programs” “Section 4.2: Alignment with other ESG and Environmental and Social Frameworks”

[21] https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/

2. Process for Project Evaluation and Selection	- Clear communication of environmental sustainability objectives - Process by which issuer determines project fit under Green Project categories above - Context within the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability	"Section 4: Discussion of Project Objectives" "Section 2.2: Description of FNO Sustainability Initiatives"
3. Management of Proceeds	- Net proceeds credited to sub-account or otherwise tracked in an appropriate manner - Formal internal tracking process, including periodically adjusting balance of tracked net proceeds	"Section 3.2: Management of FNO CIB Proceeds"
4. Reporting	- Annual reporting of use of proceeds until full allocation	"Section 7: Community Impact Bond and Green Bond Reporting"

Table 6: Alignment of the FNO CIB with the ICMA Green Bond Principles

5. Program Impact Estimation

<u>5.1 Primary Program Outcome Metrics: Single-Family Green Mortgages Originated and Affordable Housing Units Constructed</u>

The primary Outcome Metrics for the Resiliency Projects will be:

- Number and total amount of single-family green mortgages originated for lower-credit borrowers, and
- Number of affordable housing units constructed and total FNO financing received by DBE developers

The FNO Community Impact Bond will allow FNO to originate 25 single-family green mortgages in 2023 from borrowers with a credit rating below 660, increasing to 100 per year by 2037 or a cumulative 1,338 originations in the 15-year bond term. By 2032, these mortgages will represent approximately $294 million in new household wealth created for many first-time homebuyers and socioeconomically disadvantaged New Orleanians. In the 118 single-family green mortgages originated by FNO in the past few years, all were issued to first-time homebuyers and over 75% to socioeconomically disadvantaged New Orleanians.

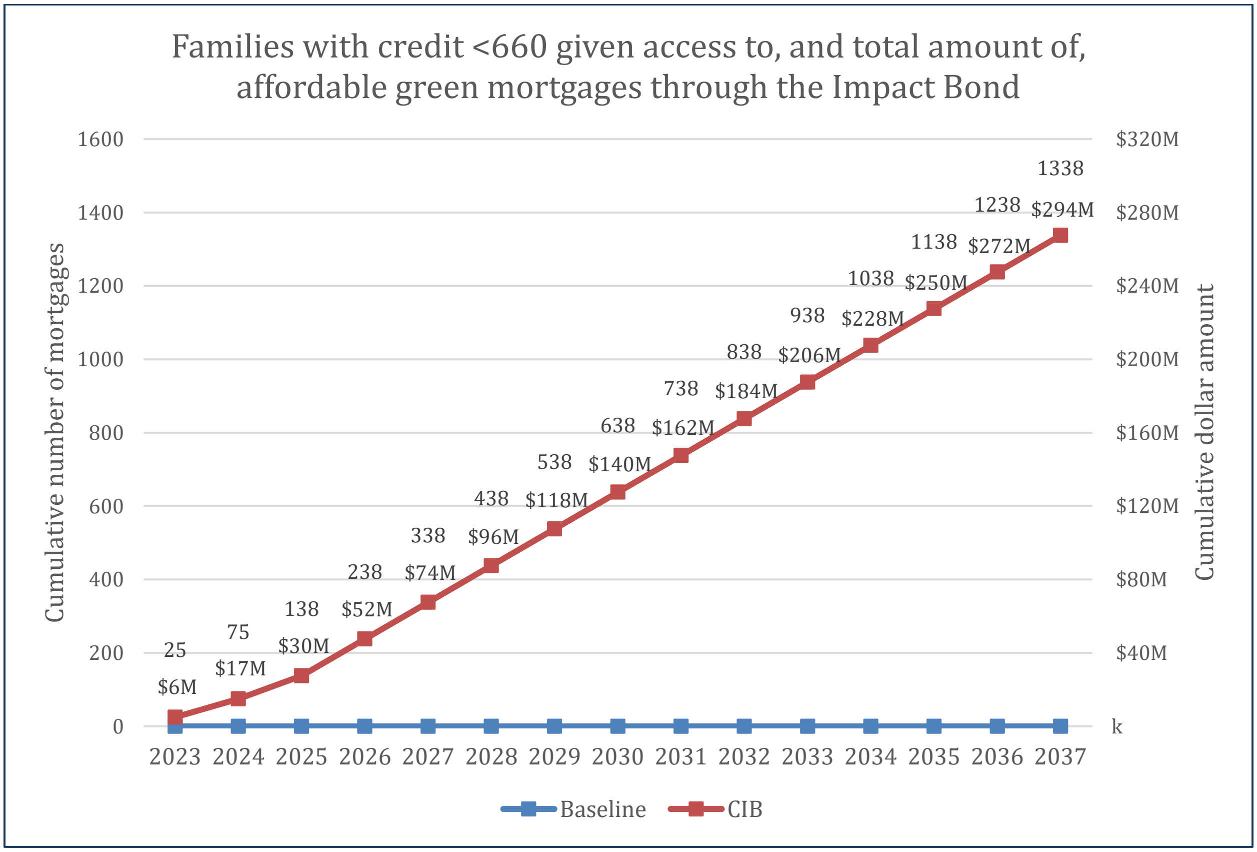


Figure 5: Projected Primary Outcomes: Number of Single-Family Green Mortgages originated for lower-credit borrowers

FNO expects to support up to 3 Sustainable Developer FHA Risk-Share Bond issuances simultaneously for DBE developers using the loan loss reserve pool capitalized by the FNO CIB proceeds. Each housing project financed by the bond issuances is expected to construct an average of 80 units, with 72 of those designated as affordable housing units. Over the 15-year bond term, the FHA Risk-Share bond issuances will enable $385 million of bond financing to flow to DBE developers to create 2,016 additional affordable housing units in New Orleans, and 2,240 housing units overall.

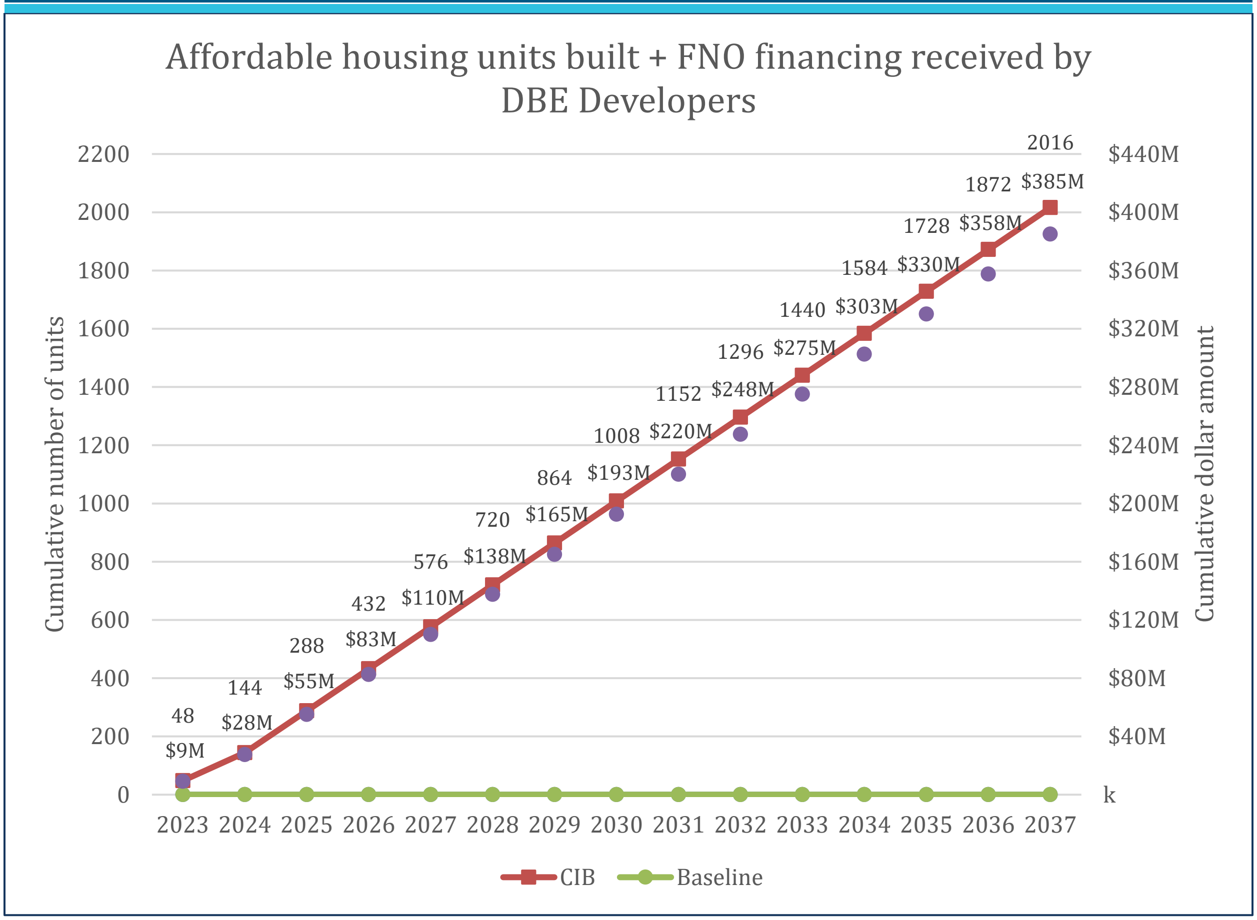


Figure 6: Project Primary Outcomes: Number of affordable housing units constructed by DBE developers

Year	Single-family green mortgages created for lower-credit borrowers	Affordable housing units constructed by DBE Developers
2023	25	72
2024	50	144
2025	63	216
2026	100	216
2027	100	216
2028	100	216
2029	100	216
2030	100	216
2031	100	216
2032	100	216
2033	100	216
2034	100	216
2035	100	216
2036	100	216

2037	100	216
Total	**1338**	**2,016**

Table 7: Quantity of Primary Outcome Metrics resulting from the FNO CIB

5.2 Secondary Program Outcome Metrics: Stormwater Storage Capacity Added

In addition to metrics tracking increased equity in access to housing and economic opportunity, FNO will quantify the extent to which green infrastructure created by the Sustainability Programs improve the neighborhood resilience. Over the 15-year term of the FNO CIB, FNO is projecting over 1.2 million gallons of stormwater storage capacity added to financed housing projects.

Year	Stormwater Storage Capacity Added Per Year (gallons)	
	Single-Family Green Mortgages	Sustainable Developer FHA-Risk Share Bonds
2023	1,113	28,052
2024	2,227	56,104
2025	2,783	84,156
2026	4,453	84,156
2027	4,453	84,156
2028	4,453	84,156
2029	4,453	84,156
2030	4,453	84,156
2031	4,453	84,156
2032	4,453	84,156
2033	4,453	84,156
2034	4,453	84,156
2035	4,453	84,156
2036	4,453	84,156
2037	4,453	84,156
Total	**48,629**	**1,178,182**
	1,237,766	

Table 8: Quantity of Secondary Outcome Metrics resulting from the FNO CIB

5.3 Calculations of Pre-Issuance Outcomes and Results

The Primary and Secondary Outcomes achieved by the Sustainability Programs can be estimated through a combination of FNO projections of program utilization and past FNO projects. The following sections discuss the methodology used by FNO to calculate both the Primary Outcomes (Single-Family Green Mortgages Originated and

Affordable Housing Units Constructed) and the Secondary Outcomes (Stormwater Storage Capacity Added).

5.3.1. Calculation of Primary Outcomes

The estimated number of Single-Family Green Mortgages originated per year is calculated based on the number of green mortgages that were closed in the past few years of the existing program. This number was extrapolated out, using FNO's best judgment and past experience, based on a financial model to accommodate the increased operating capital and program capital supplied by the FNO CIB proceeds.

The estimated number of affordable housing units constructed is calculated based on the number of deals closed in the existing Sustainable Developer bond programs and FNO's Active Pipeline of projects. This number was extrapolated out, using FNO's best judgment and past experience, based on a financial model to accommodate the FHA-Risk Share deals to DBE developers enabled by the loan loss reserve capitalized by the FNO CIB proceeds. FNO expects to be able to close up to 3 FHA-risk share deals per year over the term of the FNO CIB. Each deal was estimated to create 80 total housing units, of which 72 are affordable housing.

Year	Number of FHA Risk-Share bonds issued	Total housing units constructed	Affordable housing units constructed
2023	3	240	216
2024	3	240	216
2025	3	240	216
2026	3	240	216
2027	3	240	216
2028	3	240	216
2029	3	240	216
2030	3	240	216
2031	3	240	216
2032	3	240	216
2033	3	240	216
2034	3	240	216
2035	3	240	216
2036	3	240	216
2037	3	240	216
Total	**30**	**2,240**	**2,016**

Table 9: Number of FHA Risk-Share Sustainable Developer Bonds, Total Housing Units, and Affordable Housing Units from the FNO CIB by DBE Developers

5.3.2. Calculation of Secondary Outcomes

The quantity of environmental outcomes expected to be generated by the Sustainability Programs was calculated using inputs from research, interviews with local practitioners, and FNO forecasts.

The average rain barrel on a residential lot was estimated at 60 gallons.

The average rain garden installation on a residential lot was estimated at 100 square feet, with a subsurface media depth of 1.5 feet and 40% porosity. Multiplying these measures and converting to gallons yields 449 gallons of storage capacity added per installation.

The average permeable pavement installation on a residential lot was estimated at 700 square feet, with a subsurface media depth of one foot and 25% porosity. Multiplying these measures and converting to gallons yields 1309 gallons of stormwater storage capacity added per installation.

Rain barrels and rain gardens are of relatively limited stormwater benefit on multifamily lots and were therefore not included in the calculation of likely stormwater installations through DBE developer deals; on the other hand, multifamily buildings tend to have much greater potential for permeable pavement due to the larger impervious surface area on those lots.[22] The average permeable pavement installation on a multifamily project was estimated at 375 square feet per unit, with a subsurface media depth of one foot and 25% porosity. Multiplying these measures and converting to gallons yields 701 gallons of stormwater storage capacity per unit.

Stormwater Installation	Stormwater Storage Capacity per Installation (gallons)	Estimated Adoption Rate (% of mortgages)	
		Single-Family	Multi-Family
Rain Barrel	60	15%	0%
Rain Garden	449	5%	0%
Permeable Pavement	1309 per single-family, 701 per multi-family unit	1%	50%

Table 10: Calculations of estimated stormwater storage capacity added, in gallons

[22] https://www.landcan.org/pdfs/Bayou_Land_Guidance_NO_BMP.176113438.pdf

5.4 Additional Projected Impacts from Sustainability Projects

The Sustainability Programs will also generate other environmental and social benefits besides the Primary and Secondary Outcome Metrics. Only Primary and Secondary Outcome Metrics will be quantified, verified, and disclosed to CIB investors on an annual basis following issuance. The following projected benefits will not be quantified, verified, and disclosed as part of the CIB. Some, however, may be disclosed on a voluntary basis by FNO on its investor relations website as part of the Green Finance Business Model.

The climate resilience installations eligible for FNO financing through the Sustainability Programs include home energy savings kits, rooftop solar panels, energy efficiency upgrades, energy-efficient HVAC systems, duct sealing and attic insulation, and energy-efficient windows. Total carbon emission savings were based on an average Louisiana household using about 14,400 kWh of energy per year[23], estimated adoption rates based on FNO's best judgment, the average carbon intensity of New Orleans's energy sources, and average energy savings per installation based on literature and industry standards.

Solar & Energy Efficiency Project	Annual Expected CO2 Emission Reduction (metric tons / yr)	Estimated Adoption Rate (% of mortgages)	
		Single-Family	Multi-Family
Home Energy Savings Kits	145	40%	40%
Solar Panel Installation	3,000	5%	25%
Energy Efficiency Upgrades	1,200	10%	100%
HVAC System replacement	1,900	1%	100%
Duct Sealing & Attic Insulation	443	1%	100%
Energy-Efficient / Insulating Windows	1008	1%	100%

Table 11: Calculations of estimated annual CO2 reductions from climate resilience installations

In addition, FNO projects the green infrastructure and climate resilience installations to support the green job market in New Orleans. Based on expected expenditures on these installations and research and industry estimates on green jobs per amount spent, FNO expects these installations to support 16 green jobs.

[23] https://www.eia.gov/tools/faqs/faq.php?id=97&t=3

6. Sustainable Programs Impact Evaluation, Post-Issuance

6.1 Approach to Third-Party Validated Outcome Evaluation

The realized Primary and Secondary Outcomes of the Sustainability Programs may be different than originally projected due to a number of factors, including homeowner adoption, economy wide- or industry specific-inflation, developer or contractor performance, and changes in regulations or policies. The CIB Outcome Evaluation is intended to provide FNO with direct feedback about the degree to which the Sustainability Programs created the intended social and environmental Outcomes as anticipated before bond issuance.

6.2 Qualifications of Third-Party Validator

FNO is procuring a Third-Party Validator to inspect, quantify, and validate outcomes generated by activities of its Green Finance Business Model, including the Sustainability Programs supported by the FNO CIB. The Third-Party Validator will report annually to FNO certain outcomes achieved by the activities, including the Outcome Metrics discussed in this Technical Memorandum for the purposes of CIB disclosure. FNO has already [prepared, issued, closed] an RFP for the Third-Party Validator, which [will be, was] distributed to engineering firms with which FNO has existing relationships for general engineering services, any of which meet the qualifications to be the CIB Third-Party Validator.

6.3 Outcome Evaluation Methodology

The Primary Outcome Metrics will be evaluated through internal FNO processes that track number and total amount of single-family mortgage originations, number of affordable housing units constructed by financed developers, and total financing provided to developers through the FHA Risk-Share Bonds programs.

The Secondary Outcome Metric will be evaluated in two steps. First, the DBE developers participating in the FHA Risk-Share Bonds program will measure final stormwater storage capacity added by any green infrastructure installations on project sites supported by FNO CIB proceeds through an as-built survey of each installation. The surveys will measure the geometric dimensions of each installation, as well as report the porosity of subsurface media used. Second, the Third-Party Validator will conduct a site inspection of each installation to corroborate the developer's as-built survey, including spot check field measurements and photography. Once site inspections are complete at each installation, the Validator will submit a verified outcome report of as-built stormwater storage capacity to FNO.

6.4 Timeline and Frequency of Monitoring and Evaluation

FNO will evaluate and disclose achieved Primary and Secondary Outcome Metrics on an annual, voluntary basis to CIB investors.

7. Community Impact Bond and Sustainability Bond Reporting

FNO expects to report annually on a voluntary basis on the expenditures of the proceeds of the FNO CIB and on the Primary and Secondary Outcomes created by the supported Sustainability Programs. These disclosures will continue for the duration of the FNO CIB. FNO may modify, amend, or discontinue the voluntary disclosure at any time.

7.1 Annual Disclosure Regarding Use of Bond Proceeds and Achieved Outcomes

FNO intends to disclose in its annual financial reports and also post on its investor relations website (https://www.financenolainvestors.com/) annually a description of the expenditure of the net proceeds of the FNO CIB and the Primary and Secondary Outcomes created by the Sustainability Programs. The first report will take place a year following issuance of the FNO CIB.

Appendix

Appendix A.1: Borrower eligibility criteria for the Single-Family Green Mortgage Program

Product	Single-Family Green Mortgages/Loans
Market	Homeowners or potential homeowners with incomes < 140% AMI
Impact	• Green and affordable housing production • Green job creation • Climate resilience
Credit Enhancement Type	Program/Pool
Credit Enhancement Uses	Loan Loss Reserve/Guarantee equal to 5% of green 1st lien mortgages made to families with credit scores <640
Credit Enhancement Term	Up to 13 years
Deployment Schedule	Estimated green 1st lien mortgages originated per month: $1,000,000 Estimated green 2nd lien mortgages originated per month: $50,000
Private:Public Leverage Ratio	>19%
Total Project Size (FNO Investment / Private Investment)	Approximately $110,000,000 of 1st mortgages financed (Private Investment) Approximately $5,500,000 of 2nd mortgages financed (FNO Investment) Program would continue until capacity of Loan Loss Reserve/Guarantee is depleted. As the age of the green 1st lien mortgages increases, loan loss reserve capacity may be released from such green 1st lien mortgages and be applied to new green 1st lien mortgages.
Guarantee Required	Loan loss reserve equal to 5% of green mortgages
First Loss from FNO	9.09% of total Loan Loss Reserve/Guarantee

Appendix A.2: Project eligibility criteria for the Sustainable Developer Bond Fund

Projects that meet FNO core criteria are labeled "Qualifying Projects". Summary underwriting for Qualifying Projects is provided below:

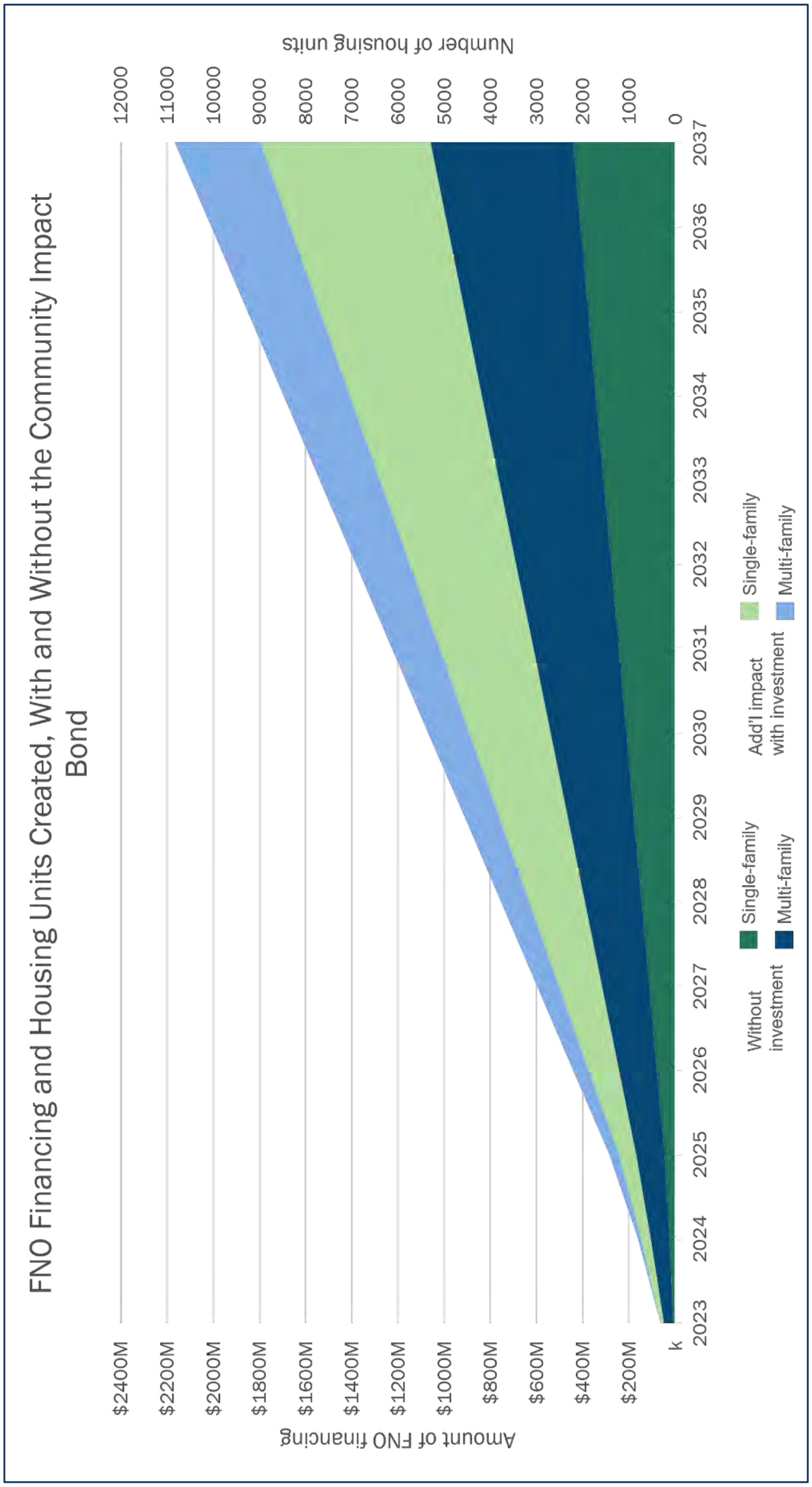
Low Income Housing Tax Credit – 4% tax-exempt bonds	
Maximum Loan Amount	20,000,000
Maximum Loan to Value	80%
Minimum Debt Service Coverage	1.15x
Maximum Construction Term	36 Months
Maximum Term	40 Years
Maximum Amortization	40 Years
Minimum Affordability	(1) 20% of units @50% AMI; (2) 40% of units @ 60% AMI; or (3) 40% of units average 60% AMI, no individual unit >80% AMI
Sustainability/Green Standards	Enterprise Green/FORTIFIED/LEED
Collateral	First-lien mortgage

Workforce Rental Housing – 501(c)(3) bonds	
Maximum Loan Amount	20,000,000
Maximum Loan to Value	70%
Minimum Debt Service Coverage	1.25x
Maximum Construction Term	36 Months
Maximum Term	30 Years
Maximum Amortization	30 Years
Minimum Affordability	(1) 40% of units @ 100% AMI; or (2) 60% of units @ 120% AMI.
Sustainability/Green Standards	Enterprise Green/FORTIFIED/LEED
Collateral	First-lien mortgage

Single-family Development – Construction loans	
Unit Requirements	5-100
Maximum Loan Amount	20,000,000
Maximum Loan to Value	70%
Pre-sale Contracts	50% of units
Maximum Loan Term	24 Months

Minimum Affordability	(1) 60% of units @140% AMI;
Sustainability/Green Standards	Enterprise Green/FORTIFIED/LEED
Collateral	First-lien mortgage

Appendix A.3: Finance New Orleans Financial and Social Impact, With and Without the Community Impact Bond



FINANCE NEW ORLEANS

ATTACHMENT F
Finance New Orleans Strategic Plan Booklet

FINANCE NEW ORLEANS

Strategic Plan

2021–2030

Making New Orleans a Better Home

A MESSAGE FROM OUR CEO

Damon E. Burns
President and CEO
Finance New Orleans

For over 40 years, Finance New Orleans has made owning a piece of New Orleans a reality for over 6,000 families. After multiple hurricanes, a global recession, an oil spill, and a global pandemic, we stand by our commitment to creating homeownership opportunities for all New Orleanians. While maintaining our efforts to finance homeownership, Finance New Orleans has reimagined its mission to better leverage its public finance resources to help New Orleans become a more climate-sustainable city. Accordingly, we established new core service areas focused on financing sustainable housing, green infrastructure, renewable energy, clean transportation, and other projects that advance the sustainability of New Orleans. We are intent on building future-focused communities for all New Orleanians. This conviction stands at the core of our Strategic Plan and the Resilient New Orleans Finance Plan. We are aggressively pursuing this new vision to achieve our mission of making New Orleans a Better Home.

As a complement to our evolution, we redesigned our brand to match our new direction. This evolution began with us adopting a new moniker, Finance New Orleans. Our colors, green and blue, signify a renewed mission to build a more sustainable and resilient New Orleans. Our name, Finance New Orleans, connotes an organizational shift from traditional housing finance to one that also offers green banking services to the people of New Orleans. Green banks are a new form of government authority created around the country to address climate resilience. Additionally, we became a member of the American Green Bank Consortium to join other green banks in impacting national climate finance policy, thus shaping the future of our city, our country, and our planet.

In May of 2021, Finance New Orleans' Board of Trustees approved the adoption of our new Strategic Plan. Our 10-year strategic plan goal is to drive $1 Billion of community investment by 2030. Our new vision has already led to the development of new programs such as our Green Mortgage program for homeowners earning less than 140 AMI and our Sustainable Developer program for affordable and green housing developers. Moreover, we are working with institutions, small businesses, and local technology startups to stimulate transformative green infrastructure projects. Executing the actions outlined in the following plan requires community trust, partnerships, and deep financial resources. Finance New Orleans is committed to doing the necessary work to make New Orleans a Better Home. The foundation we build today will position our city, community, and culture to thrive for another 100 years and beyond.

THANKS TO OUR BOARD

The City of New Orleans is full of multi-cultural enrichment deeply rooted in community leadership. The city has innumerable local resilient community leaders who commit deeply to multiple community needs, programs, and developments. An exposition of successful servitude throughout New Orleans is partly due to community advocacy. Finance New Orleans is a quasi-governmental public agency mandated to partner with appointed commissioners that model superior community advocacy through impeccable stewardship of collaboration. In 1978, the City Council established the New Orleans Home Mortgage Authority, which appoints a 7-member Board of Trustees to act on behalf of the City through a collective governing board formed of all districts. In concurrence with FinanceNew Orleans' public interests and community programming, its Board Members represent a respective district's interest by partnering to oversee our overall mission to make New Orleans a better home. Finance New Orleans would not be able to supply mortgage financing for low-to-moderate-income families and credit support for affordable rental and community development projects without each board member's wealth of knowledge and unwavering stewardship of community development.

Our Board of Trustees provides collective moral guidance, mission alignment, and strategic planning, which has driven our reprised mission to improve the quality of life in the City of New Orleans by investing in affordable housing, economic development, and climate resilience projects. Our Board Members unpack granular ideas with Finance New Orleans for city-wide programs and innovation.

Finance New Orleans' Board of Trustees undertakes various mission-driven activities committed to building a sustainable community by the implementation of innovative programs such as Finance New Orleans' Developer Program, Community Support Fund Program, Green Mortgage Program, and the Sustainable Development Program.

Recently, Finance New Orleans successfully presented its board-approved 10-year Strategic Plan, and New Orleans Resilient Finance Plan and continues to work as a conduit for large-scale developments throughout New Orleans. Withstanding an ever-changing residential and commercial market and much-needed sustainable infrastructure development throughout the city, Finance New Orleans thrives and remains a cultivator in affordable housing projects. Finance New Orleans appreciates its Board of Trustees members' commitment to the growth of the City of New Orleans by confronting systemic challenges and pioneering generational solutions to protect our city's unique legacy for generations to come. Finance New Orleans and its Board of Trustees accelerate our city's need for sustainable housing and development transitions in a rapidly changing world to ensure our communities can last for centuries more. We thank the composition of Board Members for their sustained support, trustworthy leadership, and enriching community engagement committed to creating a more resilient New Orleans for opportunities for all.

Sincerely,

Damon Burns

President & CEO of Finance New Orleans

Our Commitment

Finance New Orleans is committed to creating an affordable pathway to homeownership for New Orleanians while improving the quality and creating a more climate conscious and resilient city.

IN THIS SECTION

Governance

Finance New Orleans Board of Trustees is comprised of seven members appointed by the City Council of New Orleans. These appointed board members are key stakeholders guiding the mission and vision of Finance New Orleans and accelerates the implementation of initiatives. While these positions are appointed by the New Orleans City Council, the appointed Finance New Orleans Board of Trustees are not considered to be a part of New Orleans' city government.

There are two (2) committees that serve in conjunction and support of the Board of Trustees. Finance New Orleans Programs Committee and the Finance New Orleans Finance and Investments Committee.

For the last 40 years, Finance New Orleans has served as New Orleans' Housing Finance Agency. The impact of multiple natural disasters, economic challenges, and an ongoing pandemic has created a need for financial solutions that will lead to the physical transformation of New Orleans. Accordingly, in 2017 the City of New Orleans further empowered Finance New Orleans to become the City's official green bank. As New Orleans' green bank, we are financing resilient Infrastructure projects that will create environmental, economic and social impact.

Vision

"To create a resilient New Orleans with opportunities for all."

Mission

"To improve the quality of life in the city of New Orleans by investing in affordable housing, economic development and climate resilience projects that produce quality jobs and wealth for its residents."

Values

Dedication & commitment to the organization, our mission, and the community

Strong ethics & integrity

Collaboration

Equity & diversity

Professional & efficient service

Impact Measuring & Reportings

Finance New Orleans communicates with the public and its stakeholders, through required filings such as its annual strategic plan and annual financial reports. This information is made available on Finance New Orleans' website www.FinanceNewOrleans.org will continue to report progress by way of newsletters, quarterly webinars, and various other outreach efforts with an extensive range of stakeholders and other public participants.

Finance New Orleans commits to creating an affordable pathway to homeownership for New Orleanians while improving the quality and creating a more climate-conscious and resilient city.

Strategic Plan Framework

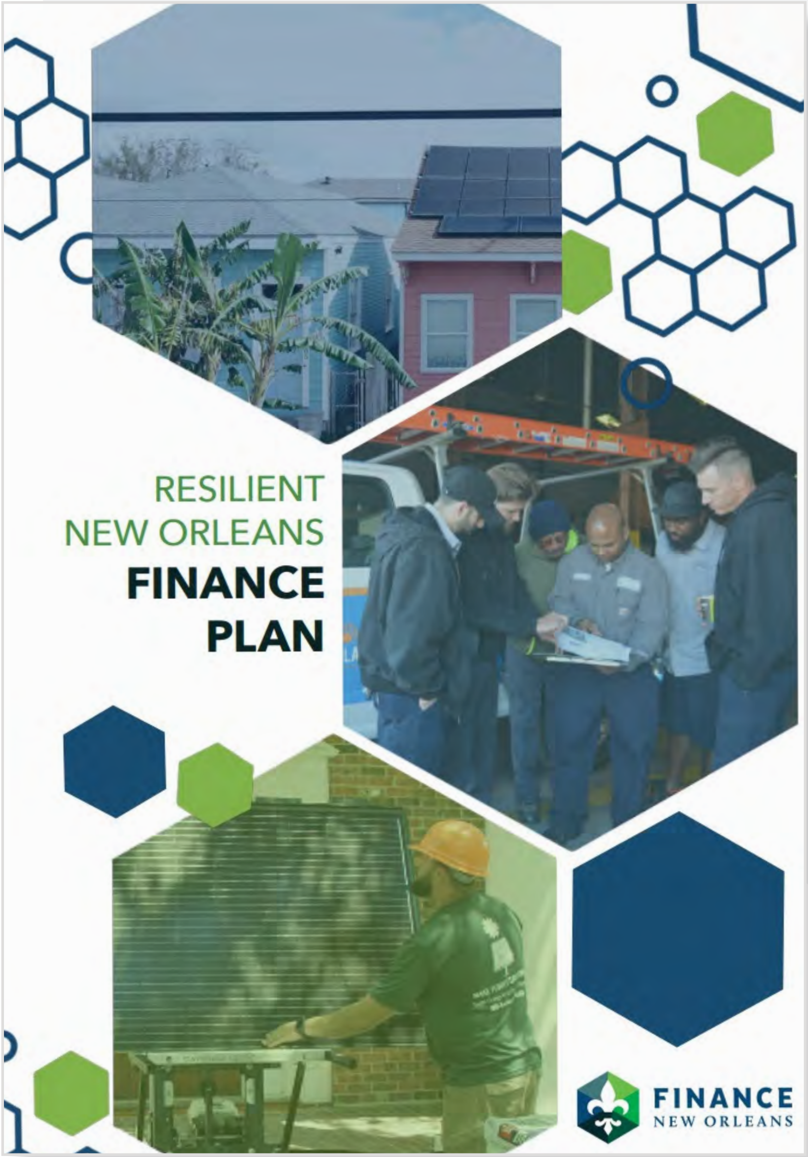
The Strategic Plan Framework reflects the strategies and goals of Finance New Orleans and the priorities of the Board of Trustees. A new Vision and Mission were developed to guide the Finance New Orleans business strategy over the next ten years. Our Strategic Plan will serve as a tool to align communication and decision-making across the seven Core Service Areas of the organization

RESILIENT NEW ORLEANS FINANCE PLAN

"City resilience is about more than building a stronger infrastructure to hold back water and withstand wind. We must also reduce our contribution to climate change as we adapt to its effects and build a culture of awareness and climate action."

(NOLA Climate Stragegy, 2017)

The Resilient New Orleans Finance Plan aims to engage a comprehensive and inclusive array of stakeholders from the public and private sectors to realize co-benefits and resilience dividends from its investments. These engagements help put the City of New Orleans on a sustainable development path that mitigates future risks and harnesses opportunities. The framework recognizes the need for private sector involvement which is aligned with the city's overall targets and objectives.



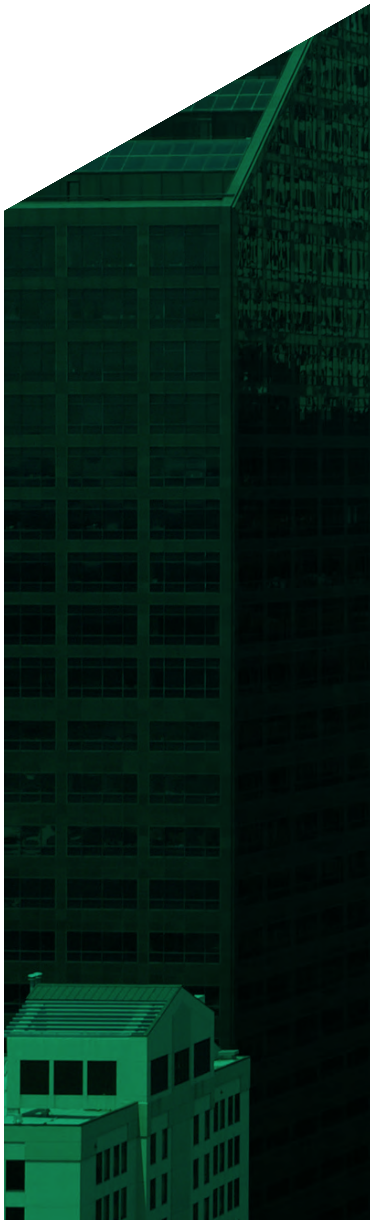
STRATEGIC PLAN GOALS

1 Use Climate Resilience to Physically Transform New Orleans.

2 Create Equitable Education & Economic Opportunities.

3 Build Public Wealth for Community Reinvestment.

4 Grow as an Innovative & Agile Organization



STRATEGIC PLAN GOALS

Use Climate Resilience to Physically Transform New Orleans

1

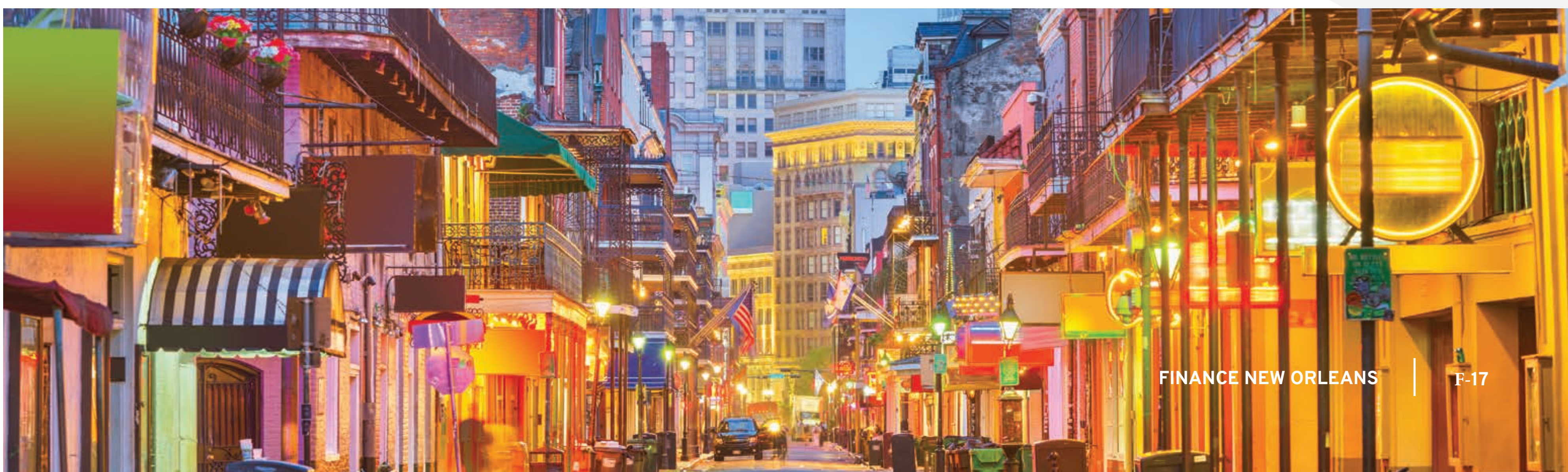
Strategies

- Develop financing options and leverage public assets for homeowners and developers to invest in affordable and sustainable housing units with healthy indoor environments, green and nature-based technologies, quality construction, climate resilience and green infrastructure features that improve the value and sustainability of new orleans neighborhoods.

- Develop financing options and leverage public assets for businesses and institutions to invest in energy efficiency, renewable energy, healthy indoor environments, smart city technologies, green and nature-based technologies, clean transportation, climate resilience and green infrastructure projects that improve the ic assets physical value and sustainability of new orleans stock while creating opportunities for small and disadvantaged businesses.

Target Impact Metrics

- **TOTAL COMMUNITY INVESTMENT**
- **AFFORDABLE HOUSING PRODUCTION**
- **GREEN BUILDING CERTIFICATES**
- **GALLONS OF STORMWATER MITIGATED**
- **AMOUNT OF CARBON MITIGATED**
- **GREEN JOBS CREATED**



STRATEGIC PLAN GOALS

Create Equitable Education & Economic Opportunities

2

Strategies

- Expand homebuyer and financial counseling services to increase homeownership opportunities for low-income communities
- Use climate resilience to create education and technical assistance services for small and disadvantaged businesses seeking growth opportunities
- Develop a marketing platform that promotes finance new orleans as a reliable investment option for the entire community in addition to individuals seeking to relocate to new orleans from other markets.

Target Impact Metrics

- **HOMEBUYER CERTIFICATES**
- **DBE PARTICIPATION %**
- **ONLINE APPLICATIONS SUBMITTED**

STRATEGIC PLAN GOALS

Build Public Wealth for Community Reinvestment

3

Strategies

- Increase internal long-term net worth by investing in financially sustainable programs and projects that create community impact and lead to investment grade credit ratings for agency.
- Utilize public finance tools to encourage co-investment of private capital that will accelerate investments in green housing, building and infrastructure projects
- Offer co-investment opportunities to small investors and developers
- Reinvest excess reserve funds into community programs that address critical social issues affecting local neighborhoods

Target Impact Metrics

- **TOTAL ASSET GROWTH**
- **NET ASSET GROWTH**
- **PUBLIC TO PRIVATE LEVERAGE RATIO**

STRATEGIC PLAN GOALS

Grow as an Innovative & Agile Organization

4

Strategies

- Leverage technology to create public agency infrastructure that allows for internal and external collaboration and long-term sustainability.
- Develop and maintain an r&d roadmap for planning projects and processes.
- Develop a risk management infrastructure and process to ensure adherence to organizational policies and procedures
- Offer staff ongoing continuing education opportunities

Target Impact Metrics

- AUDIT FINDINGS
- COMPLIANCE VIOLATIONS
- TRAININGS COMPLETED
- PRODUCTIVITY SCORE

Core Service Areas

In order to achieve our goals that align with our new Vision and Mission, seven core areas form the building blocks for our continued success, and guide how key initiatives are prioritized across the organization.

Our work as a housing and development finance agency is represented by the following core service areas.

1 Sustainable Homeownership

Financial solutions to create access to sustainable and affordable housing opportunities for homebuyers including: green mortgages for first-time homebuyers, green mortgages for existing homeowners and green home improvement loans for all homeowners.

2 Sustainable Development

Financial solutions for affordable housing developers including: tax-exempt bonds, property tax exemptions, green infrastructure bonds and solar financing.

3 Resilient Infastructure

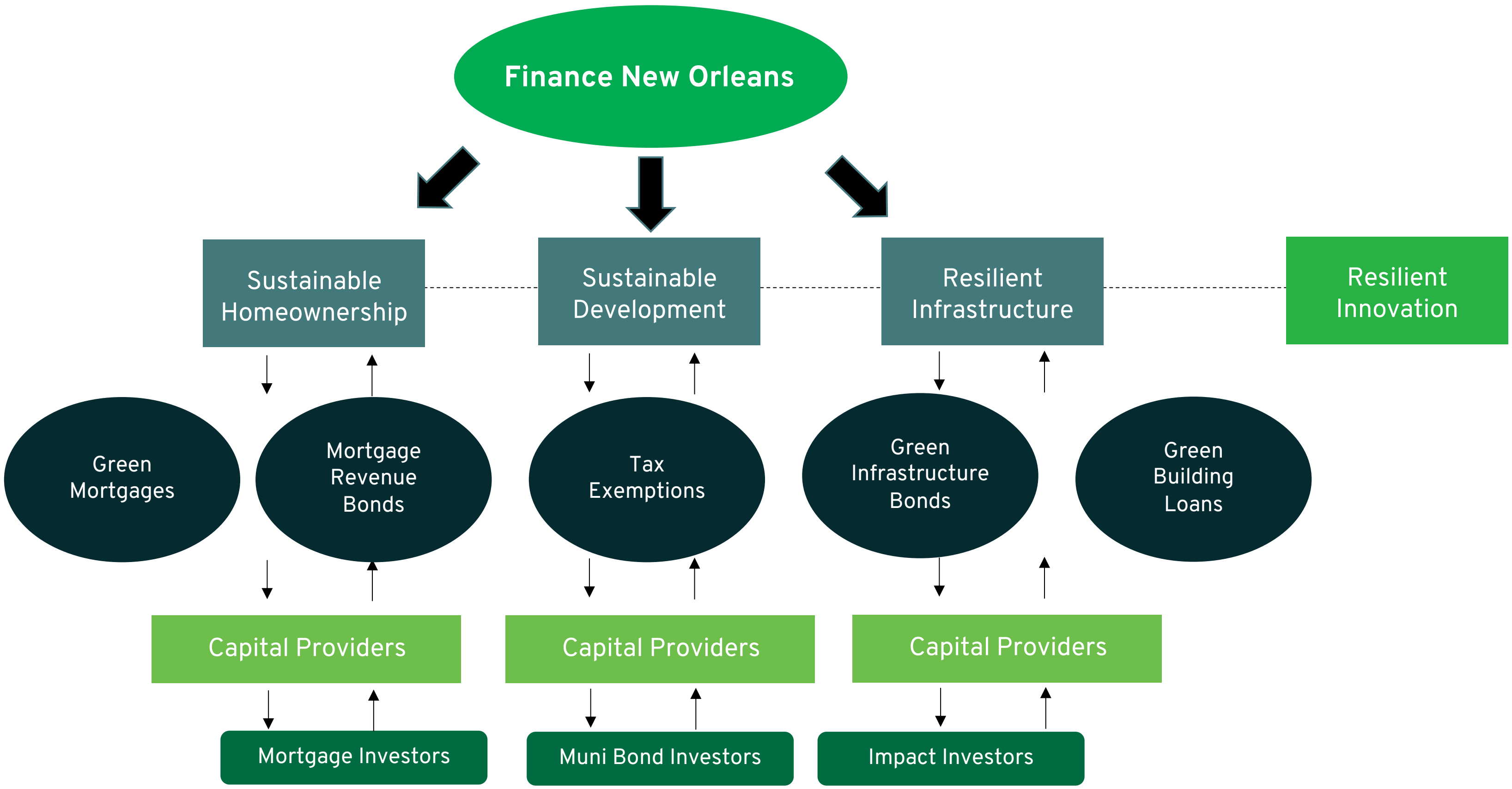
Financial solutions for business and institutions including: loans for green building upgrades, solar financing, green infrastructure and manufacturing bonds, and financing for nature-based solutions.

4 Resilient Innovation

Investment of internal capital into innovations that advance our Resilient New Orleans Finance Plan including: pre-development loans for resilient infrastructure and development projects, equity capital for sustainability focused startups and projects, and credit enhancements for innovative infrastructure projects.

GREEN FINANCE BUSINESS MODEL

Our new green finance business model **leverages public powers and private capital to increase resiliency and opportunity.**



TARGET COMMUNITY INVESTMENT

Finance New Orleans is targeting **$1Billion** in Community Investment by 2030 through:

- Green Mortgages for Homeowners
- Green Bonds & Tax Incentives for Affordable Housing Developers
- Green Buidling Loans for Businesses & Institutions
- Green Bonds for Clean Energy & Green Infrastructure Projects

Conclusion

The Strategic Plan provides careful guidance for action across our organization. It is our framework for decision-making, allocation of effort and resources, and evaluation of progress. The plan also provides guidance for engagement throughout our community to identify opportunities for alignment and synergy.

For more information please visit www.financenola.org

FINANCE
NEW ORLEANS

FINANCE NEW ORLEANS

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ATTACHMENT G
Finance New Orleans' Resilient New Orleans Finance Plan

RESILIENT NEW ORLEANS
FINANCE PLAN

FINANCE NEW ORLEANS

CONTENTS

June 2021

1. FOREWORD

Dear Friends,

It is well known that New Orleans is on the frontlines of the climate emergency. Since Hurricane Katrina and the federal infrastructure failure that flooded 80% of the city in 2005, we have experienced more hurricanes, increased tornados, a series of heavy rain and flood events, the Great Recession and, most recently, the devastating COVID-19 global pandemic.

We have invested in multiple lines of defense to ward against future disasters with the $14 billion federal investment in new storm surge and levee protection, the $144 million federal national disaster resilience grant to build the Gentilly resilience district and develop green infrastructure as a more robust tool for the region, and coordinating work for coastal management under the Coastal Protection and Restoration Authority (CPRA). As a community, we have assessed our risks and an array of actions to mitigate them with the 2015 Resilient New Orleans strategy, 2017 Climate Action strategy, 2019 Climate Change and Equity recommendations, 2020 Hazard Mitigation update and the current work underway to develop a state climate action plan and refresh the City's climate action priorities.

Our city's challenges come from both the shocks of hurricanes, floods, and pandemics, and the stresses of American structural racism, globalization, and a local economy that is too dependent on extractive businesses and low-wage service and tourism jobs. Sustained, consistent investment is needed to diversify our economy, and we believe that by focusing on innovative affordable housing, climate action, and economic development, we can build our city's resilience and enable more opportunities for more New Orleanians to share in the benefits of the new climate action and equity economy.

Starting during the pandemic, with the help of C40 Cities, we convened several public agencies to establish this financing framework - the Resilient New Orleans Finance Plan - to bring innovative climate resilience infrastructure projects to life. This financing framework will be used to physically transform the city, create new economic opportunities, and educate the community on steps to aid in making New Orleans resilient.

As we look to the future, this framework can help the City of New Orleans take a quantum leap forward by inspiring innovation and proactively using public funding to stimulate private investment. The Resilient New Orleans Finance Plan will serve as the foundation for a new green economy that will lead our COVID-19 recovery and transform our jobs. We aim to continuously build on this financing framework to create more opportunities for New Orleanians, now and in the future.

New Orleans is a city of resilient people rich with history, culture, and tradition. The foundation that we build today will ensure that our city, our community, and our culture continue for another 100 years and more. Although the city's environment will continue to change and our infrastructure and use of resources must adapt, we know that the spirit of our great city will endure, and our community can prosper.

Sincerely,
Resilient New Orleans Finance Working Group

2. PURPOSE

Achieving the necessary transformation and investment needed to help the City of New Orleans prosper in the future cannot be funded by public investment alone. The Resilient New Orleans Finance Plan is a framework to focus coordinated effort on the mobilization of steady, reliable financial flows from private and public funds that are economically viable and produce social, resilience, and pollution-reducing benefits and jobs.

The Resilient New Orleans Finance Plan aims to engage a wide and inclusive array of stakeholders from the public and private sectors to realize co-benefits and resilience dividends from its investments, and help put the city on a sustainable development path that mitigates future risks and harnesses opportunities. The framework recognizes the need for private sector involvement that is consistent with city's overall targets and objectives.

Figure 1: Framework of a Sustainable Financial System (adapted from UNEP Inquiry into the Sustainable Financial System, 2015).

Figure 2: Key themes to be integrated into the vision of the Resilient New Orleans Finance Plan.

This document is framed around a concept of a "sustainable financial system" developed under the United Nations Environment Programme (UNEP) Inquiry as this was deemed to possess a long-term view to financial stability. A sustainable finance system has five focus areas, including: transforming culture; harnessing the public balance sheet; directing finance through policy; enhancing market practice; and, upgrading governance (Figure 1). The Resilient New Orleans Finance Plan will focus on servicing the real economy drawing on the lessons of the past, while creating new business opportunities for public and private actors.

The vision of the Resilient New Orleans Finance Plan is to provide a financial framework to catalyze investment in green projects that will promote outcomes related to the following key themes (Figure 2):

1) Climate action;
2) Green economic development;
3) Sustainability in the built environment; and,
4) Social equity/economic justice.

The Resilient New Orleans Finance Plan can support projects to help New Orleans achieve the City's climate action goals, such as those related to carbon reduction, waste reduction, reduced energy costs, water management, flood prevention, alternative energy sources and reduced energy consumption.

With respect to green economic development, the plan is expected to support the creation of blue and green business and job opportunities, as well as investment and economic opportunities for residents and businesses. The Resilient New Orleans Finance Plan can underpin work with private capital support to help diversify the local economy and transition workers to burgeoning sectors, such as from the hospitality industry to the green economy. This will be supported by the growing integration of sustainability into the built environment with new structures developed and old structure retrofitted to be resilient and affordable.

Economic justice and social equity can also be highlighted, with projects catalyzed by the plan to promote environmental justice based on where they are located, the communities they serve and the residents and businesses they employ. There is a need to marry "green" to social and economic objectives as new jobs created need to be inclusive of those most vulnerable to the impacts of climate change.

The objectives of the Resilient New Orleans Finance Working Group include:

- Ensuring that the Resilient New Orleans Finance Plan is implemented in a coherent and transparent manner that generates buy-in from the necessary stakeholders;
- Crowding in of the appropriate public and private actors when necessary;
- Strengthening existing green finance initiatives to ensure that gains are maintained while exploring new approaches that are viable and effective in delivering the outcomes envisioned;
- Coordinating capacity building, research, and development to ensure the evolution of the Resilient New Orleans Finance Plan over time;
- Undertaking regular amendments of the Resilient New Orleans Finance Plan to ensure that the 2030 vision of the City is kept on track; and,
- Validating and measuring the impacts of the Resilient New Orleans Finance Plan through appropriate reporting and validation processes.

3. CLIMATE CHANGE CONTEXT

Emissions Profile

According to the 2017 greenhouse gas (GHG) inventory conducted by the City of New Orleans, total current emissions are equivalent to 3.5 million metric tons of carbon dioxide equivalent (tCO2e). The City of New Orleans and state of Louisiana are each aiming to reduce emissions to net zero by 2050 in partnership with residents, businesses, community-based organizations, and the federal government. In New Orleans, 51% of emissions are the result of heating and cooling buildings and energy used for infrastructure like streetlights and pumping water. An additional 43% is from transportation, mostly cars and trucks on the road. Just 6% comes from organic waste. About half of the energy emissions are from the commercial and institutional sector and 40% is from energy use in residences.

Climate Risks

New Orleans faces significant climate risks with hurricanes, sea-level rise, air quality issues, flooding and extreme heat and cold blasts becoming more common. New Orleans has identified five primary climate risks that are likely to affect the City under future climate scenarios:

- Rising temperatures and an increase in extreme heat days;
- Changes in annual precipitation with more extreme precipitation events;
- Sea level rise;
- An increase in vectors; and,
- A decrease in air quality.

Several agencies have noted the exposure of New Orleans to rising seas and subsidence issues. According the National Oceanic and Atmospheric Administration (NOAA), a net rise of 4.3ft in mean sea levels is expected in Southeast Louisiana by the end of the 21st century while sea-level rise estimates in New Orleans are expected to be between 3.4 and 11.6ft (NOLA Climate Strategy, 2017) (Figure 4).

It is expected that the average number of hot days (temperatures exceeding 95°F) will increase by four times to 80 days per year by 2100. Extreme heat conditions will also have impacts on the high concentration of air pollutants; exacerbate health conditions for individuals who are more vulnerable; and, contribute to reduced efficiency of water, energy and transportation infrastructure systems owing to increased heat stress.

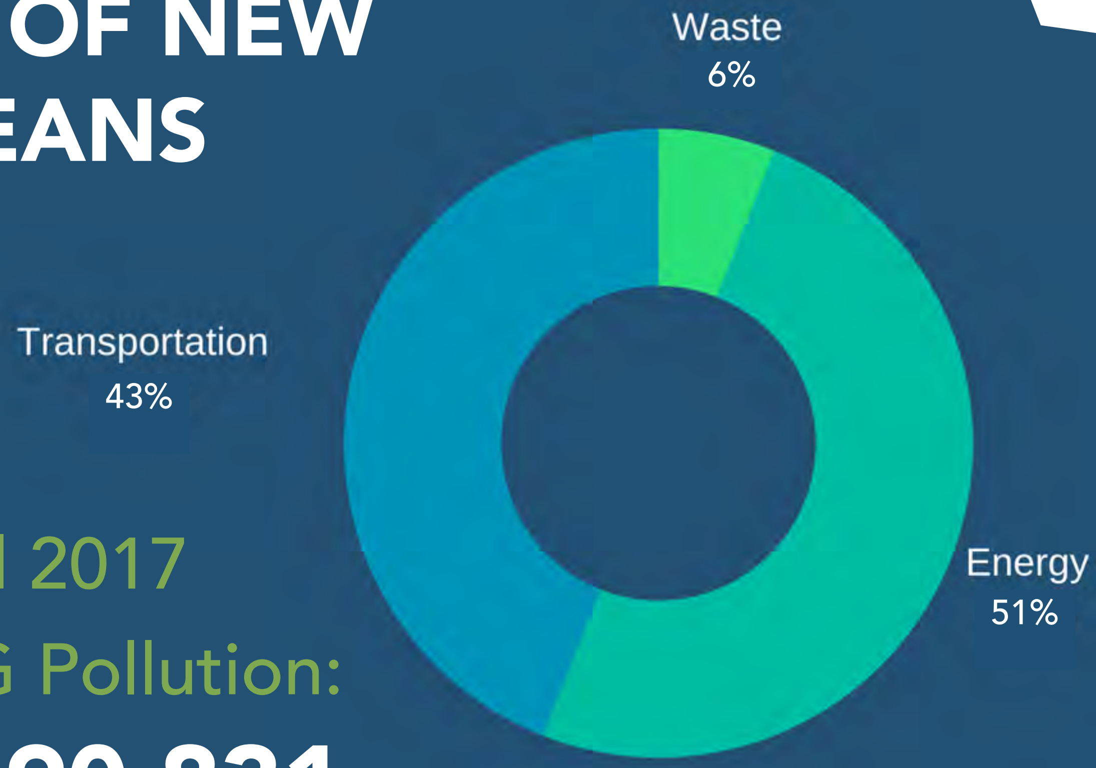
The loss of coastal wetlands will also increase the exposure of New Orleans to extreme weather in the future. Louisiana has already suffered from significant land loss (1,900 square miles since 1932) with an additional 1,800 square miles expected to be lost by

"City resilience is about more than building stronger infrastructure to hold back water and withstand wind. We must also **reduce our contribution to climate change as we adapt** to its effects and build a culture of awareness and climate action."

(NOLA Climate Strategy, 2017)

Figure 3:

EMISSIONS PROFILE OF THE CITY OF NEW ORLEANS



Total 2017 GHG Pollution:

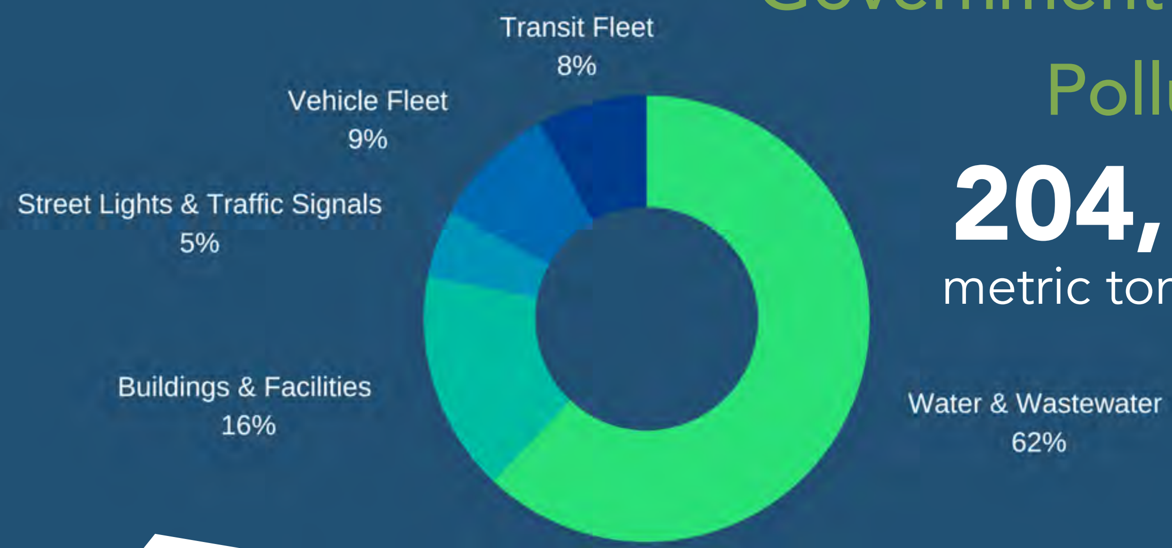
3,490,831

metric tons CO_2e

Total 2014 Government GHG Pollution:

204,136

metric tons CO_2e



2060. The increased subsidence (~ 10 feet) will make reliable levees and drainage pumping stations even more critical to holding back coastal flooding. The economic impact of land subsidence is estimated to be approximately $2.1 billion over the next 50 years, as reported in the New Orleans Urban Water Plan.

Targets

The City's transition pathway to net zero by 2050 includes an intermediary milestone aiming for a 50% reduction by 2035. By 2035, New Orleans aims to achieve sectoral targets for energy, waste, transportation, and tree planting outlined in Table 1. However, these targets are subject to change as the City works to ensure its climate priorities align with the global 1.5°C goal and with federal and state climate action.

Economic Consequences of Climate Change

The primary sectors of New Orleans' economy include education, energy, manufacturing, international trade, healthcare, and tourism. Small businesses create more than 75% of new employment opportunities. Tourism remains the most critical to New Orleans considering the revenue generation capacity of the sector – 43% of the City's sales taxes are paid in by tourists.
The tourism sector is responsible for generating $9 billion per year and hosting an estimated 18.5 million visitors.In the aftermath of Hurricane Katrina, the number of tourists was reduced to 3.7 million (63%) with spending numbers also being reduced by 42% between 2004 and 2006. The tourism sector is also likely to play a significant role in the post COVID-19 economic recovery.

According to the Intergovernmental Panel on Climate Change (IPCC) (2018)[5] , the impacts of climate change will be felt more acutely by the poor with exposure being exacerbated by health conditions, sub-standard housing and increasing climate hazards. According to the American Community Survey (ACS) (2015)[6], an estimated 27.7% of New Orleanians live in poverty while the unemployment rate as of August 2020 was 12.70% compared to the long-term average of 7.17%. This suggests that a significant portion of the New Orleans population may be vulnerable to climate change impacts.

Figure 4: Sea-level rise projections for the City of New Orleans (State of Louisiana, 2017).

Table 1: Sectoral climate change targets identified by New Orleans.

Sector	Description	Target
Energy	The adoption of a 100% low-carbon standard to reduce reliance on carbon-intensive fuels. City to leverage former landfills, brownfields, and other suitable city land, while residents, businesses, and the City and residents could develop solar directly as well. City Council, acting as the City's energy regulator, has set an energy savings target for utility customer programs to save electricity every year equal to the 2% of the utility's annual sales, and continues to expand opportunities with the Energy Smart program.	Scale local solar from 40 MW to 255 MW and moving to 100% low carbon power. Electricity savings equal to 2% of annual electricity sales.
Waste	The City currently diverts only about 5% of waste from the landfill. The landfill captures most of the methane created and creates renewable natural gas. Increased recycling and resource efficiency may also help create new jobs and support local business development.	New Orleans aims to increase recycling rates and divert 50% of waste from landfills.
Clean Transportation	New Orleans will launch its bike share program this year and a citywide policy that prioritizes right-of-way use between walking, biking, transit, and motor vehicles is being worked on by the City Council and the Office of Resilience and Sustainability (ORS).	New Orleans seeks to electrify the City's public transportation system and ensure 50% of all trips are made using non-fossil fuel powered vehicles.

Clean Transportation *(continued)*	In 2020, the Regional Transit Authority (RTA) did the first transit route re-organization in 15 years. Mayor Cantrell has committed to 75 miles of new bike lanes and the City is about to work on a transit-oriented communities plan to coordinate better alternatives to driving. The City is also re-launching bike share later this year. Strategic objectives include: • Reduce RTA's environmental impact; • Support walkable, livable transit corridors; and, • Improve access to healthcare and recreation.	Some of the targets laid out in the Strategic Mobility Plan of the New Orleans Regional Transit Authority (NORTA) include: • 75% of RTA's fleet powered by low or no-emissions vehicles by 2030; • 20% of the share of work trips made by transit in New Orleans by 2030; • 80% of households in the service area within 30 minutes by transit of a major healthcare facility during typical office hours by 2022. • 80% of households in the service area within 30 minutes by transit of a community health center during typical office hours by 2022; • 80% of households in the service area within 30 minutes by transit of a major park or recreational facility during typical hours by 2022; and, • 500 bikes used in the City of average per day by 2030.
Adaptation and Resilience	Nature-based solutions to reduce flooding and increase cooling are significant for New Orleans. The City has several rain garden and other green infrastructure projects underway and is about to conduct a tree survey.	The City plans to plant 40,000 new trees and install a great deal of new green infrastructure.

4. GREEN FINANCE FRAMEWORK

The Green Finance Framework is the primary component of the Resilient New Orleans Finance Plan. The City of New Orleans intends to help diversify the regional economy and help prepare it for new opportunities related to climate action. Therefore, the City aims to lead by example and support new markets.

Creating a strong platform for the mobilization of green finance is contingent on the development of a robust process that incorporates the use of appropriate approaches, tools, structures, and products to enable sustainable growth. The Green Finance Framework acknowledges that short-term performance must be balanced with long-term development goals. The financing approach within the Resilient New Orleans Finance Plan can create opportunities for public citizens, financial institutions, and the private sector to have impact while managing environmental risks. The management of environmental risks cannot be managed in isolation of the financial sector and there is a recognition that the financial system must transition to one that enables the mainstreaming of climate and green objectives.

The Resilient New Orleans Finance Working Group acknowledges that inconsistent market signals inhibit green economic growth. As such, there is a need to develop incentive-based models that reward outputs aligned to the Resilient New Orleans Finance Plan and disincentivize unsustainable outcomes. The coordination of various actors across the public and private sectors can be challenging. The Working Group commits to using its convening position to increase the participation of all stakeholders to create alignment and common interests in the long-term.

The introduction of new technologies and markets creates perceived risks that need to be identified and managed. These risks may be evident through increased capital costs and higher transaction costs. The Working Group aims to provide long-term public support to green initiatives to ensure that they reach their full potential in a predictable, credible, and reliable manner.

The primary principles of the Resilient New Orleans Finance Plan are envisioned to be consistent and predictable in the long-term noting that investment can be deterred in the absence of a stable framework which creates certainty. Operationally, the Green Finance Framework will focus on three areas as outlined in Figure 5: consistency and innovation, partnerships, and transparency.

Consistent policy signals can create more certain market conditions that can potentially enable greater green investment. This is particularly important in the context of green project types which are less familiar to investors. Policy signals alone may not be sufficient to enable green investment; therefore, the Working Group also notes that innovation may also be needed in terms of the creation of new financial instruments, business models and approaches.

Partnerships refer to the strategic collaborations between Working Group members and implementation and financing entities. The Working Group recognizes the need to create mutually beneficial partnerships to ensure streamlined project implementation. The selection of partners will be dependent on the project needs and the gaps identified by the implementation agency.

Transparency measures are critical to ensure that the outcomes of green project implementation are real and are aligned with the objectives of the Resilient New Orleans Finance Plan. The Working Group recognizes that transparency on internal processes and its operations can enhance trust within green sectors thereby creating further buy-in from external stakeholders and securing green economic growth in the long-term.

Figure 5: Focus Areas within the Green Finance Framework of the Resilient New Orleans Finance Plan.

Strategic and Sectoral Priorities and Actions

IIn the Resilient New Orleans (2015) strategy and subsequent Climate Action for a Resilient New Orleans (2017) strategy, the City outlined the following actions to be fulfilled by 2050:

- Advancing coastal protection and restoration;
- Investing in comprehensive and innovative urban water management;
- Incentivizing property owners to invest in risk reduction;
- Creating a culture of environmental awareness at every stage of life;
- Committing to mitigating our climate impact;
- Investing in household financial stability;
- Lowering barriers to workforce participation;
- Continuing to promote equitable public health outcomes;
- Continuing to build social cohesion;
- Expanding access to safe and affordable housing;
- Redesigning regional transit systems to connect people, employment, and essential services;
- Promoting sustainability as a growth strategy;
- Improving the redundancy and reliability of our energy infrastructure;
- Integrating resilience-driven decision making across public agencies;
- Investing in pre-disaster planning for post-disaster recovery; and,
- Developing the preparedness of businesses and neighborhoods.

In addition to the high-level actions presented above, Table 2 provides a list of specific sectoral actions as outlined in the 'Climate Action for a Resilient New Orleans'. The Resilient New Orleans Finance Plan aims to support the implementation of the strategic and sectoral priorities and actions outlined in City strategies. The strategic and sectoral priorities and actions will support the identification of green projects and inform the selection and prioritization process of green projects that deliver strategic outcomes.

Barriers to Green Finance Mobilization

The main challenges to the mobilization of green finance identified by the City of New Orleans, and agencies include: limited revenues; fewer bankable green projects within project pipelines; challenges in aligning the needs of public or private sector stakeholders; and, the need for awareness raising and education.

There is a significant need for innovative ways to attract investment, while keeping in mind challenges around equity and the ability of poorer communities being able (or not being able) to pay for services. In addition, this need will likely be exacerbated by the economic downturn from COVID-19. Therefore, blended finance structures could be a key opportunity for the City agencies.

Table 2: Specific sectoral actions including the strategic focus area (NOLA Climate Strategy, 2017).

Sector	Strategy	Actions
Energy	Reduce the City's reliance on carbon-intensive fuels	• Implement a 100% low carbon power standard. • End coal use.
	Save energy and make the savings a sustainable resource	• Increase annual energy savings. • Innovate regulation and integrate demand-side management into resource planning. • Reduce the energy burden for low-income New Orleanians.
	Increase the resilience of New Orleans' energy, water, and sewer infrastructure	• Evaluate critical utility assets and align on reliability, resilience, and climate action.
Clean Transportation	Transform infrastructure to reduce car dependence and encourage active transportation	• Partnering with schools, hospitals, and major employers to encourage ridership; • Coordinate with any expansions of bike share and car share programs; • Build park-and-ride lots and car share stations near transit; • Begin incorporating low- or no-emission vehicles into fleet; • Reduce redundant stops; • Generate more renewable energy on facilities; and, • Work with partners to make major corridors more pedestrian-friendly.
Green Buildings	Enable the development of green and climate friendly building through energy and resilience standards	The New Orleans Redevelopment Authority supports compliance with the standards that promote environmental benefits. The recognized standards include: • Hazard Resilience: All developers are required to achieve the Institute for Business and Home Safety (IBHS) FORTIFIED Gold Home certification for each home. This certification also requires the participation of a certified FORTIFIED evaluator. • Energy Efficiency: All developers are required to achieve the Environmental Protection Agency (EPA) Energy Star Homes Version 3.0 for new construction certification on each home. This certification requires the participation of a certified Home Energy Rating System (HERS) rater and an energy star certified Heating, Ventilation, and Air Conditioning (HVAC) sub-contractor. • Green Infrastructure (GI): All developers are required to incorporate a minimum of two (2) of NORA's green infrastructure features related to stormwater management into the design of each home, with a combined minimum storage capacity of 1,000 Gallons. NORA will provide
Green Buildings *(continued)*		direct technical assistance in support of green infrastructure requirements.
Waste	Launch a comprehensive recycling and waste reduction initiative	• Increase recycling rates. • Pilot organic waste program. • Reduce impact of waste-related transit.
	Generate value from waste	• Explore opportunities for solid waste and wastewater. • Develop a device donation program. • Explore zero-waste and circular-economy opportunities.
Cross-cutting	Grow the local low carbon economy	• Promote sustainable business practices and jobs.
	Enable data-driven decision-making and collaboration	• Utilize digital climate adaptation tools to prioritize, design, and engage. • Conduct a tree survey of New Orleans' urban forest and plant 40,000 trees by 2030. • Assemble and make data available for analysis and action.
	Connect culture and climate action	• Inform and engage residents and local business about action opportunities. • Engage visitors to New Orleans in climate action.

Blended finance refers to the use of development finance and philanthropic funds to mobilize private finance investment (OECD, 2020).

The Resilient New Orleans Finance Working Group notes that the knowledge of green finance products is limited in New Orleans agencies therefore, there is a need for awareness raising on green financing with a focus on the specificities of products; the impact of these financial solutions linked to City targets; and, their feasibility under local, state and federal legislation.

Process: Creating Green Project Pipelines

The existing project pipeline for bankable and investable green projects is acknowledged to be insufficient to meet the demand by investors. The Resilient New Orleans Finance Working Group has identified a stepwise approach (depicted in Figure 6) that will assist members in the development of green projects that are profitable, bankable and deliver the outcomes in envisioned impact areas. The following sections outline the stepwise actions in more detail.

Identification of Emissions Sources and Sectors

The starting point for the implementation of the Resilient New Orleans Finance Plan is the robust identification of the emission sources, vulnerable assets, and the sectors' critical effective mitigation and adaptation strategies. This assessment has been undertaken to a certain extent in the Resilient New Orleans (2015) and Climate Action for a Resilient New Orleans (2017) strategies. However, further assessments may be required.

Project Concept Development and Strategic Actions

Project concept development is an all-encompassing term which includes various process steps which may include (but is not limited to): stakeholder engagement; project identification; financial planning; project due diligence; internal project approval; and, feasibility and prefeasibility studies. This is most likely to be undertaken by the agency leading the project and ideally would be supported by a senior City climate staff leader coordinating with Finance New Orleans (FNO) and the project lead.

Project concept development will be guided in terms of project identification, selection and prioritization by the identification of the emission sources and vulnerable sectors in the City. Project concept development may also require extensive internal and external stakeholder engagements with relevant parties. The inclusion of partners in the early stages of the project concept phase can assist developers in avoiding common green financing barriers. Despite the inclusion of financial planning at the project concept development stage, this step is often not as extensive as is needed for green projects. Financing partners could include entities that assist public agencies in project concept development and financial transaction structuring. The prefeasibility and feasibility studies to be conducted are usually project specific but may include studies on technical, economic, financial, legal, operational or scheduling feasibility.

Business and Financial Model Development

The Resilient Finance Working Group recognizes the creation of dynamic business and financial models as a key step in the development of bankable project pipelines. Business models refer to the conceptual framework of a project that allows for value (profit) to be captured. The development of the business models will focus on the identification of the green product or service to be sold, the market segment, and the underlying financial structure and model which incorporates investment flows, revenues, and expenditures.

The Working Group may act as a platform to connect potential partners to support the development of the business or financial model. By including the appropriate partners to address distinct business and financial challenges, well-developed models can

ensure sustainable financial flows and stable growth in the long term. Working Group meetings will also be used to facilitate knowledge sharing on business and financial models to create further learning.

Implementation

Project implementation involves the actioning of a set of activities that delivers outputs based on a workplan. The phases of project implementation can be varied and will depend on the strategy developed by the lead agency. The project implementation phase will be the responsibility of the proposing agency with support from other Working Group members, if needed. The Working Group may also act as an advisory body during the implementation phase.

Measurement of Impact Against Targets

Beyond feasibility and implementation, the tracking of impact and outcomes is critical to understanding the progress of the implementation of the Resilient New Orleans Finance Plan. The measuring of impacts against targets is envisioned to inform the future identification of green project concepts depending on future emission sources and adjustment to targets. It is expected that the process be cyclic and flexible depending on the outcomes of project implementation. The indicator framework that is provided within the Green Bond Framework in Appendix A can be used more broadly for green projects implemented by Working Group members.

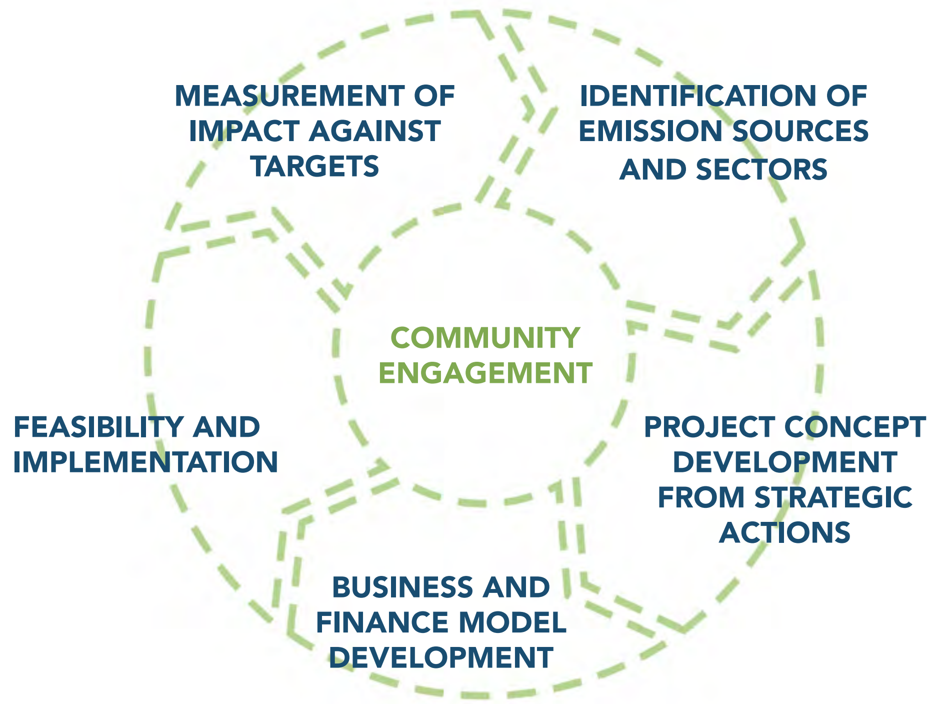


Figure 6: Process within the Green Finance Framework to deliver green project pipelines.

Institutional Coordination and Organizational Structure

One of the key components of the green financing framework is the coordination between agencies and City departments to ultimately create the momentum needed to implement, execute, and formalize the envisioned goals and outcomes. Coordination is also critical to ensure alignment while adhering to institutional mandates and avoiding the duplication of efforts.
This Resilient New Orleans Finance Working Group comprised of City stakeholders, agencies and partners is envisioned to play an oversight role in the implementation of the Resilient New Orleans Finance Plan while assisting in the identification and development of projects in different agencies which are likely to deliver green benefits or require green financing (see Appendix B).

Operationally, the Resilient New Orleans Finance Working Group will hold monthly meetings, moderated by neutral parties. These meetings may include public and private sector actors depending on the needs identified by the Resilient New Orleans Finance Working Group. This collaborative modality is expected to ease implementation and create joint responsibility between stakeholders creating a common shared vision, priorities, and expertise.

It is critical to the success of this green finance coordination that the City designate a senior leadership representative versed in its climate, hazard, mitigation, and economic priorities and with capacity to work on pre-development and pipeline support and as a Resilient New Orleans Finance Working Group member. This person may be from the Office of Resilience and Sustainability or similar and can assist the implementation of the Resilient New Orleans Finance Plan from the perspective of ensuring alignment with the climate and economic development goals of the City.

Considering the small project size which inhibits certain financial transactions, FNO was identified as an interlocuter to aggregate projects from different agencies. Agencies may also pursue green finance solutions independent of FNO; in this case, alignment will be maintained by the Resilient New Orleans Finance Working Group. Lastly, FNO will manage the operational coordinator of the Resilient New Orleans Finance Working Group.

Roles and responsibilities of the Resilient New Orleans Finance Working Group includes but is not limited to:

- Researching and developing consensus on green finance products and services which create strategic policy signals and frameworks;
- Creating alignment with existing green finance principles;
- Enhancing capacity building and awareness to expand the knowledge of green finance approaches;
- Supporting the development of environmental bonds such as environmental impact bonds, resilience bonds, and green impact bonds. This is inclusive of decision-making on the use of proceeds if the option of a single issuance with multi-agency collaboration is pursued;
- Promoting national and international collaboration and participation in green finance forums; and,
- Improving the measurement of green finance activities and their impacts.

Reporting under the green bond framework will be the responsibility of the issuer (e.g. issuer agency or FNO).

Green Finance Approaches

The mobilized financial flows should be able to meet the different needs or stages of funding using strategic instruments which are able to address barriers. A comprehensive list of green finance instruments that have been identified are outlined in Table 3. A prioritized list of approaches will be determined once specific project priorities have been identified.

Table 3: Comprehensive list of possible green finance solutions to be pursued by the City of New Orleans.

Instrument/Approach/Solution	Description
Green mortgages	These products provide retail customers who purchase homes with renewable energy and other sustainability and resilience retrofits with lower interest rates. An alternative model for green mortgages allows for the cost of green retrofits to be covered (Climate Bond Initiative (b.)).
Home equity loans	Home equity loans assist homeowners to finance home improvements which may include renewable energy and energy efficiency projects. These loans are sometimes referred to as second mortgages (United Nations Environment Programme Finance Initiative).
Auto and fleet loans	The loans are designed to incentivize the uptake of cars that demonstrate lower GHG emissions/ higher fuel efficiencies. These loans are typically offered at below market interest rates (United Nations Environment Programme Finance Initiative).
Labelled/Thematic bonds	These are general bonds with proceeds earmarked for green initiatives. There is no preferential coupon rate but rather green bonds that are able to access a different set of institutional investors. Different types of green bonds include: • General obligation green bonds; • General revenue bonds; • Sub-national green bonds; • Sovereign green bonds; • Green convertible bonds; • Green project bonds; • Environmental impact bonds; • SDG bonds; and, • Social-impact bonds (Climate Bond Initiative (b.)).
Environmental travel fees	Environmental travel fees refer to the voluntary linkage of carbon or green initiatives to tourist fees. For example, offset CO2e associated with airfare (BIOFIN).
Green banks	Green banks are entities that leverage limited public funds to attract additional private investment in clean energy or other green investments.
Incentives (tax credits, subsidies)	Incentives are economic instruments that aim to encourage investments and savings through payments or concessions. Examples of incentives include tax credits and subsidies (Climate Bond Initiative (b.), United Nations Environment Programme Finance Initiative).
Green securitization	"These are debt securities backed by a pool of underlying assets. Proceeds are allocated only to nominated projects and assets." (Climate Bond Initiative (b.):8).
Clean energy standards	Clean energy standards are policy measures that assist with
Clean energy standards *(continued)*	the long-term renewable energy transition. These standards set firm policies that help investors commit capital to clean energy investments with levels of confidence that would otherwise not be possible (United Nations Environment Programme).
CAT-bonds	Catastrophe bonds are high-yield debt instruments that allow for an entity to raise capital in the event of a natural catastrophe. CAT-bonds have a special condition that allows for the principal to be forgiven, if the covered catastrophe occurs (United Nations Environment Programme Finance Initiative).
Green loans, syndicated loans and credit loans	Green loans, syndicated loans and credit loans aim to provide debt financing towards projects that are climate-aligned. The interest rate of loans may be determined by the Environmental, Social and Governance (ESG) scores (Climate Bond Initiative (b.)).
Private-Public Partnerships	Private-Public Partnerships refers to a collaboration between public- and private-sector entities for the purposes of financing, operating and building projects (Climate Bond Initiative (b.)).
Infrastructure/Property funds	These funds are focused on infrastructure investments. Their financing structure may allow for investments directly in assets or through debt issuances (Climate Bond Initiative (b.)).
Guarantees	Guarantees are contractual agreements between a creditor and a third-party (a guarantor). In the contract, the guarantor backs the debt on behalf of the creditor. This ensures that the debt will be repaid to the investor in case the creditor defaults. In summary, guarantees act as a de-risking instrument. The different types of guarantees include: • Full/partial risk guarantees; • Political risk guarantees; • Partial risk swap guarantees; and, • First-loss provisions. (Climate Bond Initiative (b.), United Nations Environment Programme Finance Initiative).
First-loss provisions	First-loss provisions are instruments that provide investors with protection from losses if they are initially exposed to potential financial losses. First-loss provisions may be in the form of debt, equity or derivatives (Climate Bond Initiative (b.)).
Green capital notes or securitization	"This is a form of risk management (de-risking) to release loss reserves, with the use of freed capital to fund green projects.

Instrument/Approach/Solution	Description
Green capital notes or securitization *(continued)*	It reduces the risk of the weighting of assets, while keeping the assets tied to the banks' balance sheet and the current operations" (Climate Bond Initiative (b.): 13).
Disaster risk insurance	Disaster risk insurance is a risk transfer mechanism that allows for entities to manage their exposure to natural disasters. Entities may issue premiums in exchange for coverage in the event that a natural hazard occurs (BIOFIN).
Donor/philanthropies and charities grants	Grants are non-repayable transfers provided from one party to the other. Grants can be useful forms of finance for technical assistance, research, and product development that allows for the business model to be tested during the prefeasibility, feasibility and piloting phases.
Sustainability standards and certification	Sustainability standards and certifications are policy measures which seek to create awareness around the sustainability impact of products, services, and initiatives. Sustainability standards aim to alter the consumption and demand patterns, driving investment towards green products and services (United Nations Environment Programme).
Climate mainstreaming	Climate mainstreaming does not refer to a specific financial instrument rather, it refers to the integration of policies and measures into financial structures that deliver resiliency benefits e.g., climate-aligned building codes.

5. CASE STUDIES OF PAST PROJECT IMPLEMENTATION

To conclude the Resilient New Orleans Finance Plan, we present case studies of successful implementation efforts which serve to demonstrate the possible project types to be pursued by green financial flows.

MSY Hurricane Proofed Terminal Building

The low elevation of the City of New Orleans combined with overwhelmed pump systems makes the area particularly vulnerable to the impacts of climate change (Schaberg, 2018)[13] . Considering the importance of tourism to the local economy, the adaptive capacity of transportation hubs is critical. The Louis Armstrong New Orleans International Airport (MSY) is the primary airport in the state serving over 80% of passengers visiting Louisiana. MSY is owned by the City of New Orleans.

The $1 billion MSY airport was opened in November 2019 with resilience to storms and hurricanes built into the design. For example, the MSY terminal has a spherical roof shape to accommodate heavy rainfall while extensive wind-tunnel modelling and on-site testing was done to ensure that the walls had the ability to resist hurricane-force winds.

FNO's Green Mortgage Program

The Green Mortgage Program was envisioned to provide homeowners with the opportunity to upgrade new or existing homes with green features and minor renovations. Eligible improvements include energy efficiency measures, fortified roofing, solar panels, permeable pavement, rain barrels, and other improvements that make the home more resilient. The Green Mortgage Program was activated in June 2021. In addition to the Green Mortgage Program, FNO is developing a Resilient New Orleans Infrastructure Fund which will be used to support projects through loan and credit enhancement products. The Fund is envisioned to reinvest loan income into future revenue generating projects thereby continuing into perpetuity. The Fund will finance resilience and renewable energy projects for homeowners, developers, businesses, and municipalities. Project types will include commercially viable technologies, such as solar panels, energy efficiency measures, water management systems, and clean transportation systems. The Resilient New Orleans Infrastructure Fund can also support local early-stage technology companies developing solutions to help local governments mitigate the effects of climate change.

Solar for All and Community Solar programs to incentivize residential and small business

The City initiated a campaign - Solar for All NOLA - which is a clean energy initiative which was designed to offer both financial and resiliency benefits of rooftop solar. More than 60% of New Orleanians spend more 30% of their income on utility bills. Solar can help reduce energy costs and create local green jobs.

In 2020, the City initiated Solar for All to communicate solar benefits to residential and small business property owners, and in 2021, the City will extend the opportunity of solar to those who don't have control of a roof with the new Community Solar program. In Solar for All, two local solar companies - Posigen and Solar Alternatives - offer free evaluations to property owners to determine if they can realize cost savings by going solar. If so, they install solar with company-financed leases or third-party solar financing.

Community Solar will offer the opportunity for people to invest in a solar project somewhere in New Orleans up to the amount of their regular energy bill and get credits for the solar to offset their bill. Projects can be up to 2MW and half need to have 30% low-income subscribers.

Flood Risk Mitigation in the City of New Orleans

The City of New Orleans has recognized the need for structural and non-structural protection measures against storm surges and flooding. Structural measures such as levees, floodwalls, pumps, and floodgates still result in some residual risk that is unmanaged therefore there is a need for non-structural measures in complement. Non-structural measures may include incentives for elevating existing or new structures or for relocation to lower-risk areas, revised building codes, and land use restrictions designed to curtail future growth in the floodplain (Fischbach, 2011).

The Hazard Mitigation Office, the Office of Resilience and Sustainability, and the Capital Projects Administration have had a significant focus on flood risk management and are managing over $300 million for stormwater management activities that reduce flood risk, beautify neighborhoods, promote health & recreation, and foster environmental awareness. Some of the notable flood risk projects in the City include the Gentilly and Oak Park Stormwater Management projects. The Gentilly project has focused on implementing green infrastructure to increase stormwater capacity. In the case of the Oak Park Stormwater project, a cluster of five vacant parcels on Perlita Street have been used as a stormwater management area that reduces the risk of flooding for the surrounding neighborhood.

Energy Smart Energy Efficiency Program

Entergy New Orleans administers a program to help customers save energy to meet the City's energy savings goals.

The program offers a suite of services and incentives for residential and business customers that can be used for individual measure and whole building upgrades. Since its inception in 2010, the program has distributed $29 million to more than 86,000 customers.

APPENDIX A: NEW ORLEANS GREEN BOND FRAMEWORK

1. Vision and Strategy

New Orleans faces significant climate risks with hurricanes, sea-level rise, air quality issues, flooding and extreme heat and cold blasts becoming more common. Achieving the necessary transformation and investment needed to help the City of New Orleans prosper in the future cannot be funded by public investment alone. The city's transition pathway to net zero by 2050 includes an intermediary milestone aiming for a 50% reduction by 2035.

The Resilient New Orleans Finance Plan aims to engage a wide and inclusive array of stakeholders from the public and private sectors to realize co-benefits and resilience dividends from its investments, and help put the city on a sustainable development path that mitigates future risks and harnesses opportunities. This Green Bond Framework (the "Framework") represents a further step made by the City to ensure the financing of environmental and social goods at scale.

This Framework may apply to Green Bonds issued by any members of the Resilient New Orleans Finance Working Group on or after January 1, 2021. It sets out the guidelines for the City's Green Bond issuances in accordance with the four core components of the International Capital Markets Association's Green Bond Principles: (i) use of proceeds; (ii) process for project evaluation and selection; (iii) management of proceeds; and, (iv) reporting.

This Green Bond Framework is envisioned to be a starting point for any City agency to issue a green bond with the use of proceeds being adapted to the agency's focus. In cases where project sizes are small and aggregation is needed, FNO will act as an aggregator and issuer of the green bond with implementation efforts being shared between agencies but the management of proceeds being the responsibility of FNO.

2. Use of Proceeds

The net proceeds of the City's Green Bond issuances will be used to finance or refinance, in part or full, new and/or existing eligible capital projects across the City of New Orleans that meet the Eligibility Criteria as outlined in Table 4. Eligible projects are identified through the City's agency processes to ensure the capital projects have elements of environmental and social integrity while being aligned to the sectoral needs and criteria that will be updated over time.

Table 4: Eligible Project categories and associated descriptions.

Eligible Category	Description of Projects
Energy	• Solar thermal and photovoltaic installations. • Wind energy installations. • Fuel cells. • Energy storage infrastructure and batteries. • Biogas. • Smart energy management systems. • Equipment to reduce energy consumption including LED building lighting, and efficient heating, ventilating, air conditioning (HVAC).
Green Buildings	• New buildings or retrofitted existing buildings that meet building City code and third-party environmental certifications, such as LEED Gold / Platinum and others. • Hurricane proofing of buildings.
Clean Transportation	• Supporting infrastructure for electric public transit. • Electric Vehicle (EV) infrastructure to support EV uptake. • Zero emission vehicles. • Cycling and walking infrastructure.
Sustainable Water, Waste and Wastewater Management	• Infrastructure for clean water and water efficiency. • Infrastructure for wastewater treatment. • Construction or maintenance of water collection and urban drainage infrastructure including storm water management and sewer separation. • Recycling infrastructure.
Adaptation and Resilience	• Nature-based solutions including initiatives that promote, restore, or preserve biological diversity in urban areas such as parks, green rooftops, and other green spaces while reducing climate risks. • Implementation of flood risk mitigation initiatives aligning with the New Orleans Resilience strategy. Initiatives may include, but are not limited to, permeable pavers, rain barrels, French drains, and rain gardens. • Hurricane proofing of homes and infrastructure.

3. Process for Project Evaluation and Selection

Projects to be financed and/or refinanced through Green Bond proceeds are evaluated and selected by the Resilient New Orleans Finance working group as well as alignment with the green bond framework developed as Appendix A in the Resilient New Orleans Finance Plan. The Resilient New Orleans Finance working group is made up of representatives from various agencies. Subject matter experts may be consulted when necessary. As part of the Resilient New Orleans Finance Plan, the Resilient New Orleans Finance working group has also identified climate resilience principles which will be used to ensure the selected green bond projects are climate proofed.

4. Management of Proceeds

- Finance New Orleans will be responsible for the tracking and allocation of the net proceeds from the issuance of Green Bonds to the relevant and approved Eligible Green Projects and Assets as per the eligible project categories within the green bond frameworks.
- Net proceeds from each Green Bond will be deposited and recorded separately tracking the use of and allocation of funds for Eligible Projects.
- In most cases when such projects are underway, proceeds from the Green Bonds issued will be directly applied to the Eligible Projects.
- In the case where projects are delayed, any portion of the net proceeds that have not been allocated can be temporarily held in the account of the issuer and invested in cash or liquid fixed income instruments according to financial laws, policies, and regulations.
- Payment of principal and interest on any Green Bond issuance will be made from our general or sinking funds and will not be directly linked to the performance of any Eligible Project.
- Internal budget/accounting systems or invoices are used to identify costs of projects, which are then marked against funds held in the Additional Eligible Green Projects which will be added to the issuers Eligible Green Project Portfolio to the extent required to ensure transparency.

5. Allocation and Impact Reporting

The issuer will provide annual reporting, covering the allocation of net proceeds to the Eligible Green Project Portfolio and impact reporting of the Eligible Green Project Portfolio, at least at the category level covering at least 5% of the project portfolio. Reporting will take place a year following the issuance of the applicable Green Bond. Allocation reporting will include an assessment of the total amount of investments and expenditures in the Eligible Green Projects portfolio as well as the percentage of new and existing projects as well as the balance of unallocated proceeds.

Table 5: Possible indicators associated with eligible project categories.

Eligible Categories	Indicator
Energy	• GHG emissions reduced/avoided (tCO2e). • Biomethane captured (tCH4). • Energy saved per year (kWh/year).
Green Buildings	• Green building certifications. • Square feet of green buildings. • Number of buildings which have been hurricane proofed. • List/number of third-party environmental certifications received. • Total tonnes of community CO2e emissions from all community buildings.
Clean Transportation	• Number of buses electrified (total and as a percentage of the fleet). • Number of miles of walking and cycling infrastructure that is built or improved. • Number of charging stations installed.
Sustainable Water, Waste and Wastewater Management	• Tonnes of waste recycled. • Gallons of stormwater managed (based on design or product specifications). • Alignment to the city's stormwater management requirements. • Number of new projects implemented.
Adaptation and Resilience	• Number of individuals/households/communities with resiliency improvements. • Area of natural assets conserved/protected/restored.

6. Climate Resilience Principles

Considering the significant exposure of the City of New Orleans to extreme weather events which are expected to be exacerbated under climate change, it is critical that climate resilience be acknowledged as a key element to the financing of green initiatives. In this respect, the City will align processes outlined in the Climate Bond Initiative (CBI)'s Climate Resilience Principles (CRP) (CBI, 2019). From the CBI CRP, the City of New Orleans intends that the assets and activities be financed under the green bond framework. They shall (where applicable):

- Understand the climate risks faced by the asset, activity or system;
- Have addressed those risks by undertaking risk-reduction measures and adopting flexible management plans that take account of inherent uncertainties around climate change, ensuring that the asset, activity or system is robust, flexible and fit-for-purpose in the face of that uncertainty;
- Deliver resilience benefits over and above addressing identified risks (for system-focused investments); and,
- Undertake regular (re)evaluation of the asset and/or system's climate resilience performance, adjusting to risk reduction measures over time as needed.

7. External Review

7.1 Second Party Opinion (pre-issuance) – The City of New Orleans Green Bond Framework will be reviewed by providers of Second Party Opinions. The Second Party Opinion and the Green Bond Framework will be made available to Green Bond investors.

7.2 Annual Verification (post-issuance) – The City of New Orleans intends to request a limited assurance report or auditor comfort letter to be produced on the information contained within the allocation of Green Bond proceeds report.

8. Terms and Conditions

The green bond framework presented is intended to provide a non-exhaustive list of information related to eligible project types which can qualify under the use of proceeds. This document may include information from public sources that were not peer-reviewed and therefore the City of New Orleans assumes no representation or warranty as to the fairness, accuracy, reasonableness, or completeness of such information.
This document may also include details about the future events and objectives of the City of New Orleans; however, none of the statements are to be considered promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in

the document.

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The information in this document has not been independently verified.

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APPENDIX B: RESILIENT NEW ORLEANS FINANCE WORKING GROUP MEMBERS

- City of New Orleans – Office of Resilience & Sustainability
- City of New Orleans - Office of Utilities
- City of New Orleans – Office of Economic Development
- City of New Orleans – Office of Housing Policy and Community Development
- New Orleans Redevelopment Authority
- New Orleans Business Alliance
- Sewerage & Water Board of New Orleans
- Housing Authority of New Orleans
- Greater New Orleans Foundation
- Louis Armstrong New Orleans International Airport
- New Orleans Regional Transit Authority
- Orleans Parish School Board
- Downtown Development District
- Finance New Orleans

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ATTACHMENT H
Finance New Orleans Investor Presentation

Making New Orleans a Better Home

May 2022

FINANCE
NEW ORLEANS

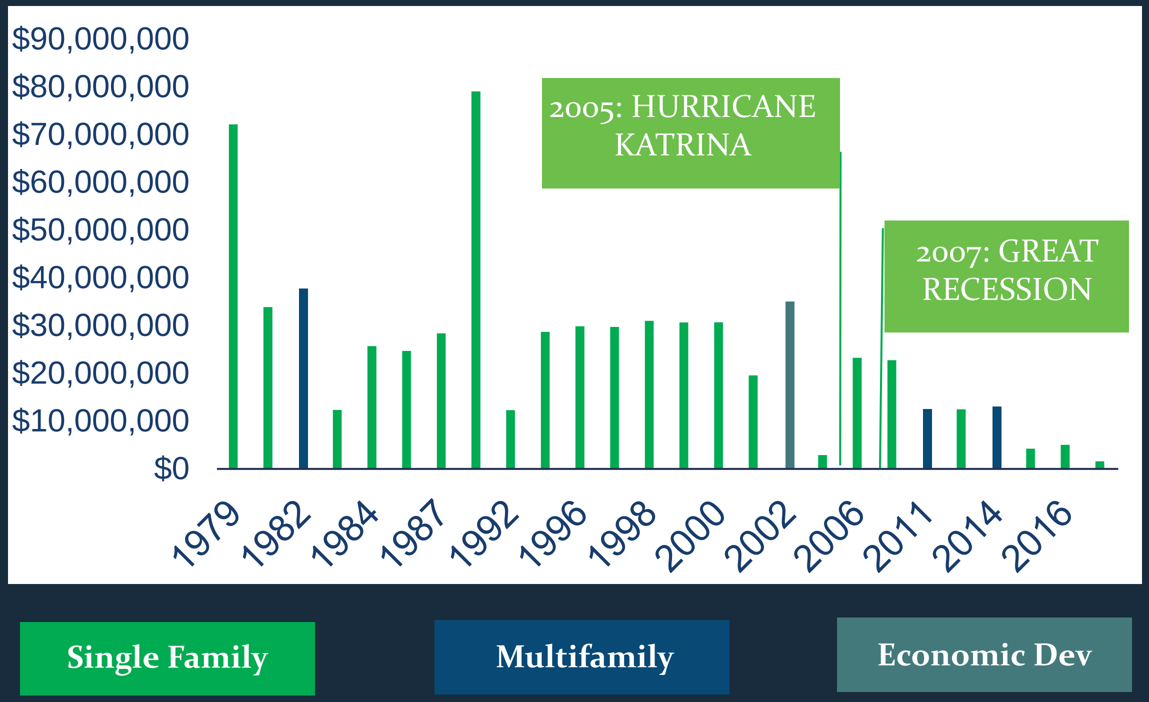
Finance New Orleans

FNO is a quasi-governmental green financial institution created by the City Council of New Orleans in 1978 to increase affordable housing and economic opportunities for residents. Finance New Orleans is governed by a seven-member Board of Trustees.

How we got here...

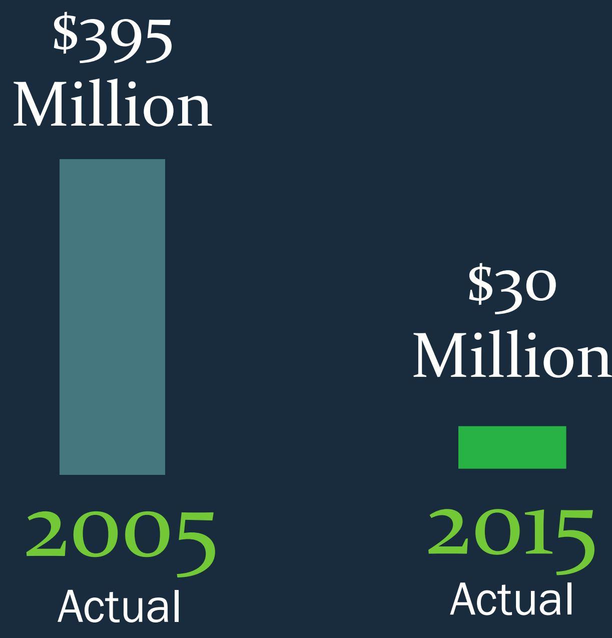
A TALE OF TWO DISASTERS

Twin disasters halted FNO's ability to continue to invest $650+ million into our community



Post-Disaster Balance Sheet Comparison

Total Assets



We needed to reimagine our vision to address our new reality

11.6ft

PROJECTED NET
SEA LEVEL RISE BY 2100

51%

COST BURDENED
RENTERS

-95%

REDUCTION IN TOTAL
ASSETS POST-KATRINA

45%

LOW INCOME HOUSEHOLDS W/
ENERGY BURDEN

Sources: The Data Center, Climate Action for a Resilient New Orleans

FNO’s New 2032 Vision

A RESILIENT NEW ORLEANS WITH OPPORTUNITY FOR ALL

FNO 2032 Goals

FNO resolves to physically transform New Orleans towards climate resilience, create economic opportunities, rebuild public wealth for community investment, and innovate as an agile organization

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Four Core Service Areas

Sustainable Homeownership

- Single-family green mortgages
- First-mortgage and down-payment assistance programs
- Resilience retrofits

Sustainable Development

- Tax-exempt bond financing
- Property tax exemption programs
- Green infrastructure loans

Resilient Infrastructure

- Project financing for climate mitigation and adaptation

Resilient Innovation

- Seed funding for innovative companies building climate mitigation and adaptation projects

FNO Business Model

Finance New Orleans

Single-Family Green Mortgages	Multi-Family Green Mortgages	Bond Issuances & Tax Exemptions	Infrastructure Financing	Green Building Loans

↓↑

Capital Providers	Capital Providers	Capital Providers

↓↑

Homeowners	Developers	Businesses & Institutions

FNO Finance Plan

The Resilient New Orleans Finance Plan is FNO's framework to mobilize public and private capital for projects that are physically transformative, climate resilient and socially impactful.

https://financenola.org/our-new-direction/

FNO Financial Plan

IMPACT THROUGH RESILIENCE

2032 Community Investment Goal

(cumulative program financing from 1/1/21)

FNO IS ISSUING A COMMUNITY IMPACT BOND TO ACHIEVE 2032 Goal

$15 MILLION

Includes $2.5M grant

Sustainable Homeownership

Sustainable Development

Resilient Infrastructure

Proposed Community Impact Bonds Terms

Par Amount	$15M
Tax Status	Taxable
Credit Rating	TBD
Final Maturity	15 Years
Interest Payments	Capital Appreciation Bonds w/ interest due at maturity
Use of Proceeds	Loan loss reserves for LMI homeowners and DBE developers
Use Restrictions	$12.5M of proceeds limited to debt service reserve and loan loss replacement funds
Security	Net revenues from FNO program operations

Target Annual Economic Impact

	Projected Program Impact with Community Impact Bonds
Single Family Originations	400
Single Family Investment	$88M
Multi-Family Originations	6
Multi Family Investment	$250M
Total Housing Investment	**$338M**

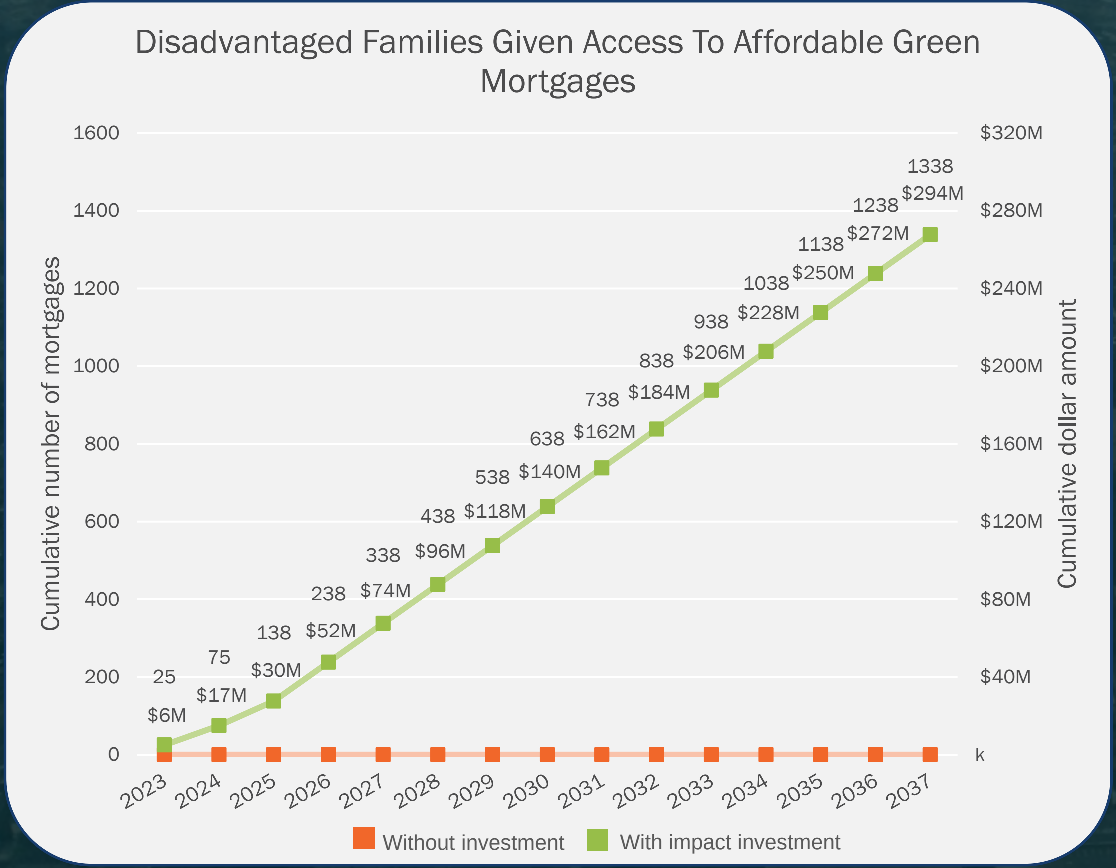
Community Impact Bond Metrics

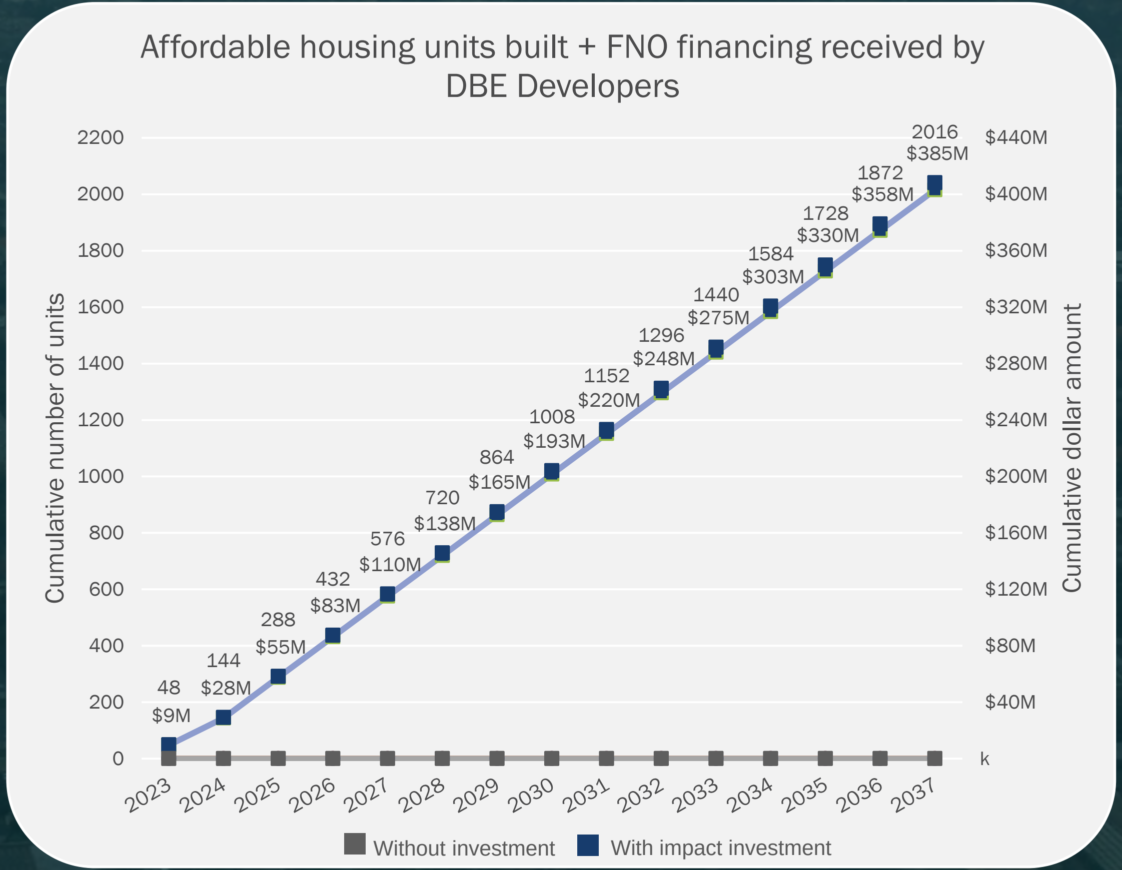
Under this framework, FNO will quantify and disclose annually the following bond impacts:

- 3354 Climate Resilient Affordable Housing Units Created
- $385M in DBE/Social Equity Opportunities Created
- 1.2M Gallons of Stormwater Capture Capacity Added

In addition, FNO estimates the following impacts of the funded Sustainability Programs: 16 green jobs supported and 50,000 metric tons CO2 avoided via climate resilience installations, through 2037

Community Impact Bond Metrics

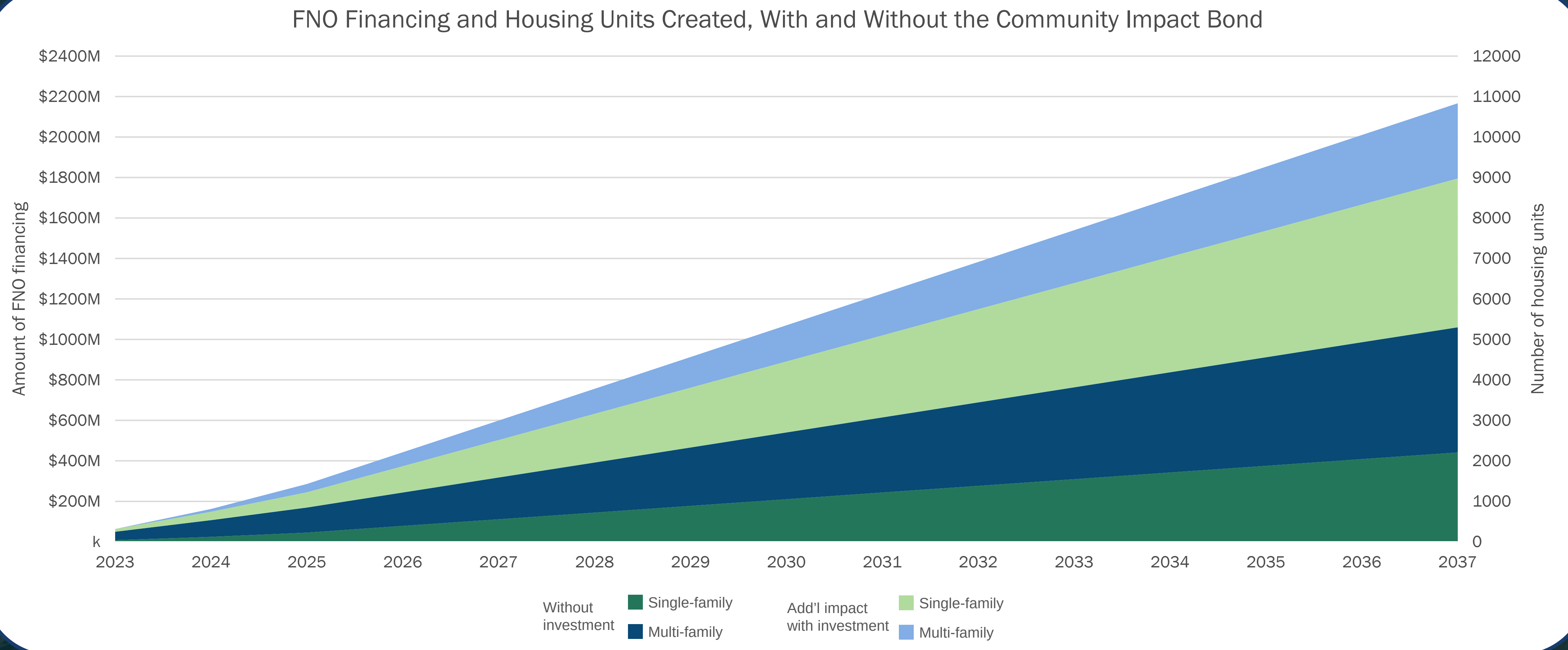




1.2M gallons of stormwater storage capacity will also be created through installation of rain barrels, French drains, rain gardens, and permeable pavement on FNO-financed housing units

The CIB and FNO growth path

Investment in the Community Impact Bond will catalyze community-scale transformation of New Orleans



Timeline

May 2022

Community Impact Bonds Call for Solutions Release

June 2022

Launch Green Mortgage Marketing Campaign

June 2022

Close $35M Sustainable Developer 4% Bond Issue (1st Bond Issued in 10+ yrs.)

September 2022

Close Community Impact Bond Issuance

November 2022

Invest in First Resilient Infrastructure & Innovation Projects

December 2022

Deploy Community Impact Bond Proceeds

Visit Us Today!

FINANCE NEW ORLEANS

Making New Orleans a Better Home

www.financenola.org