

<u>TITLE</u> A RESOLUTION STATING THE CITY OF SHREVEPORT'S APPROVAL OF AMENDMENT NO. 5 TO THE TRUST INDENTURE OF THE SHREVEPORT HOME MORTGAGE AUTHORITY AND TO OTHERWISE PROVIDE WITH RESPECT THERETO	<u>DATE</u> 08/01/2022	<u>ORIGINATING DEPARTMENT</u> Department of Community Development <u>CITY COUNCIL DISTRICT</u>
		<u>SPONSOR</u>

PURPOSE

The Shreveport Home Mortgage Authority (SHMA) is requesting the approval of Amendment No. 5 of its trust indenture by of the Shreveport City Council. The purpose of this amendment will result in the modernization of the SHMA which will allow it to better meet its objectives to benefit and serve the City of Shreveport.

BACKGROUND INFORMATION

In the 1970's, local public trusts were established in parishes and municipalities throughout the State of Louisiana to improve communities by increasing access to quality affordable housing and home ownership. Louisiana's Local Public Trust Law authorizes the creation of these trusts and allows each trust to select a parish or municipality as its beneficiary. In 1978, a group of local Shreveport residents established the Shreveport Home Mortgage Authority ("SHMA") local public trust and selected the City of Shreveport as its beneficiary.

Over the last 40 years, two major developments occurred. First, because of changes in federal laws and financial markets, some of the tools utilized by local public trusts to increase affordable housing and promote home ownership became obsolete. Second, it became the generally accepted belief that economic growth and access to common community resources, such as grocery stores and pharmacies, were critical to creating thriving neighborhoods. As a result, the state legislature amended Louisiana's Local Public Trust Law providing local public trusts the ability to modernize to address these new realities. This month the trustees of the SHMA unanimously adopted (with one member absent) Amendment No. 5 to its trust indenture to modernize the SHMA and bring it in line with other local public trusts around the State.

This amendment makes the following critical changes:

1. Allows for a more holistic approach to building healthy neighborhoods by allowing the trust to facilitate financing for quality affordable housing and home ownership, as well as financing the community and economic development necessary to provide upward mobility and wealth generation for residents.
2. Changes the name of the trust to the Northwest Louisiana Finance Authority. This name change is in line with similar name changes adopted by other local public trusts throughout the state. This new name better reflects the trust's holistic mission of increasing access to quality affordable housing and home ownership while also strengthening the economic viability of local communities. This name change **does not** affect the City of Shreveport's status as the beneficiary of the trust.

<u>TIMETABLE</u> Introduction: August 9, 2022 Final Passage: August 23, 2022	<u>ATTACHMENT(S)</u> Exhibit "A" SHMA Resolution
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SPECIAL PROCEDURAL REQUIREMENTS

<u>FINANCES</u> N/A	<u>SOURCE OF FUNDS</u> N/A
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ALTERNATIVES

(1) Adopt the Resolution as submitted, or (2) Amend the Resolution, or (3) Reject the Resolution.

RECOMMENDATION

It is recommended that the City Council adopt the Resolution.

FACT SHEET PREPARED BY: Thea R. Scott, Department of Community
Development and Mike Busada, General Counsel
for the SHMA

RESOLUTION NO. _____ OF 2022

A RESOLUTION STATING THE CITY OF SHREVEPORT'S APPROVAL OF AMENDMENT NO. 5 TO THE TRUST INDENTURE OF THE SHREVEPORT HOME MORTGAGE AUTHORITY AND TO OTHERWISE PROVIDE WITH RESPECT THERETO

WHEREAS, in 1978, in an effort to increase access to quality affordable housing and promote home ownership, a group of local Shreveport residents established the Shreveport Home Mortgage Authority ("**SHMA**") as a local public trust in accordance with La. R.S. 9:2341 et seq., as amended (the "**Louisiana Public Trust Law**") and selected the City of Shreveport as its beneficiary; and

WHEREAS, in establishing the SHMA trust, the trustees adopted a trust indenture (the "**Indenture**") that serves as the governing document under which the trust operates; and

WHEREAS, over the last forty (40) years, the Indenture has become outdated and does not address the utilization of tools commonly employed by local public trusts throughout the state to increase access to affordable quality housing, promote home ownership, and facilitate community and economic development essential to the survival and growth of vibrant neighborhoods; and

WHEREAS, on July 12, 2022, trustees of the SHMA adopted, without opposition, Amendment No. 5 to its Trust Indenture for the purpose of modernizing the SHMA's Indenture and bringing it in line with other local public trusts operating around the State; and

WHEREAS, while a local public trust is independent of its beneficiary in its decision making and operations, it must operate for the benefit of its beneficiary and its beneficiary's citizens and businesses, and as such, the Louisiana Public Trust Law requires that the beneficiary approve any amendments to the trust indenture of a local public trust; and

WHEREAS, it is found and determined that the approval of the aforementioned Amendment No. 5 to the SHMA Indenture will result in the modernization of the SHMA, allowing it to better meet its objectives for the benefit of the City of Shreveport; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Shreveport that:

Section 1. The foregoing whereas clauses are hereby adopted as set forth in the preamble to this Resolution; and

Section 2. The City Council does hereby approve Amendment No. 5 to the SHMA Indenture as set forth in the resolution of the Shreveport Home Mortgage Authority dated July 12, 2022, and attached hereto as Exhibit A; and

Section 3. If any one or more of the provisions of this Resolution shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this

Resolution, but this Resolution shall be construed and enforced as if such illegal or invalid provisions had not been contained herein. Any constitutional or statutory provision enacted after the date of this Resolution which validates or makes legal any provision of this Resolution which would not otherwise be valid or legal, shall be deemed to apply to this Resolution; and

Section 4. This Resolution shall immediately take effect upon adoption; and

Section 5 – That all Resolutions or parts thereof in conflict herewith are hereby repealed.

THUS DONE AND RESOLVED by the City Council of the City of Shreveport, Louisiana.

APPROVED AS TO LEGAL FORM:
