

New Orleans, Louisiana, November 16, 2016

The regular monthly meeting of the Board of Liquidation, City Debt (Board) was held this date at the office of the Board, Room 8E17, New Orleans, Louisiana pursuant to notice duly given as provided by law. The regular monthly meeting was called to order at 11:00 A.M. by the President, Ms. Mary K. Zervigon. Ms. Zervigon asked the Secretary to call the roll and announce the number of members present. The roll call was as follows:

PRESENT:	Mr. Arnold	
	Mr. Blue	
	Councilmember Head*	
	Mr. Johnson	
	Mr. Moody	
	Mr. O'Connor	SEVEN MEMBERS AND A
	Ms. Zervigon	QUORUM

ABSENT: Mayor Landrieu
Councilmember Williams

* Arrived 11:08AM

Also present were Mr. William R. Forrester, Jr. Esq., special counsel to the Board; Ms. Lisa L. Daniel, Mr. Kyle Wright, Public Financial Management, Inc., and Mr. Shawn Barney, CLB Porter, LLC, co-financial advisors; Ms. Meredith Hathorn and Mr. Jason Akers, Foley & Judell LLP, Mr. Randy G. McKee, The McKee Law Firm LLC, and Mr. N. Sundiata Haley, The Haley Law Firm, LLC, co-bond counsel; Ms. Katie Dignan, City of New Orleans Capital Projects.

The notice calling the meeting more than 48 hours prior to the date of the meeting was received and ordered filed in the minutes.

The President stated that the minutes of the August 17, 2016, regular meeting had been circulated to the members. She asked if there were any comments, there being none the minutes were adopted as circulated.

The President also stated that the auditor's report for the months of August 2016; September 2016; and October 2016 were in each member's folder. She asked the members to review the reports and address any questions to the Secretary. There being none, the reports were ordered filed.

The President asked the Secretary to address item #4 on the agenda, to receive the competitive bids via Parity, for the \$70,000,000 Taxable Public Improvement Bonds, Issue of 2016, and have Board staff; co-bond counsel; and co-financial advisors verify calculations and parameters of bids received. The President asked for all in favor to receive the bids; unanimously the Board authorized for the verification of bids received.

The President then asked the Secretary to address item #5 on the agenda, a resolution levying the 2017 millage needed to service and administer the general obligation outstanding debt due in 2017. The Secretary said a copy of the resolution was in each member's folder, along with supporting calculation schedules. He said the calculations included the issuance of \$70,000,000 bonds in 2016 and \$50,000,000 of bonds to be sold in 2017. He said the total of \$120,000,000 bonds were authorized by the voters of Orleans Parish in April 2016. He stated that the 2017 assessment figures were sent from the Board of Review to the Louisiana Tax Commission for certification and reflect an increase of approximately 3.4%. He stated the Board would need approximately \$88,190,043 in revenues to meet the debt service requirements and office expenses in 2017. He stated these funds will provide for no increase in the 2017 millage and possibly the 2018 millage, while including the sale of the total \$120,000,000 authorized by the voters. He said with a levy of 25.5 mills in 2017 the Board should meet these levels.

Mr. O'Connor moved for adoption of the resolution, Mr. Arnold seconded and on roll call the vote was as follows:

AYES: ARNOLD, BLUE, JOHNSON, MOODY, O'CONNOR, ZERVIGON

NAYS: NONE

ABSENT: HEAD, LANDRIEU, WILLIAMS

And the resolution was adopted.

The President then asked the Secretary to address item #6 on the agenda, a resolution detailing the 2017 Board of Liquidation, City Debt budget. The Secretary stated that the resolution was in the member's folders and reflects the same total of revenue and expenses detailed in the Board's 2017 millage resolution just adopted. Ms. Zervigon asked about the differences from last year. The Secretary stated that the difference between the total debt service budgeted in 2016 versus what was actually paid in 2016, reflects savings as a result of the general obligation refunding in December 2015. The Secretary stated there were two budget schedules 1) comparing the current year budget to 2016 budget and listing the differences and 2) detail 2016 budget listing the variance between actual and budget figures as of November 2016. Ms. Zervigon asked if the members were comfortable passing the millage resolution before adopting the budget resolution for the next year. The members were indifferent and the President agreed to adopt the millage resolution before the budget. Mr. Arnold asked if the budget included the salaries as approved in November of 2015 and if the secretary were to retire in 2017, would the salaries in the budget include the new salary of the person replacing the secretary. The Secretary said the increase in salaries reflect the amount approved by the Board in November 2015, but he felt discussing other personnel matters should be done by the Board in executive session. Ms. Zervigon said the Board can discuss pay scales at another meeting, Mr. Arnold agreed.

The President then asked for a motion to adopt the Board 2017 budget resolution. Mr. Moody moved for adoption of the resolution, Mr. Arnold seconded and on roll call the vote was as follows:

AYES: ARNOLD, BLUE, HEAD, JOHNSON, MOODY, O'CONNOR, ZERVIGON

NAYS: NONE

ABSENT: LANDRIEU, WILLIAMS

And the resolution was adopted.

The President asked the Secretary to address item #7 on the agenda, a resolution providing for the issuance and sale of not to exceed \$70,000,000 Taxable Public Improvement Bonds, Issue of 2016, of the City of New Orleans, Louisiana, and other matters in connection therewith. The Secretary said the bids received were verified and asked Ms. Meredith Hathorn, co-bond counsel, to discuss the results and bond sale resolution. Ms. Hathorn stated there were 7 bids with Morgan Stanley and Co., Inc. having the lowest True Interest Cost (TIC) at 4.363069%. She said all bids were within the parameters and limits set by the Board in the Notice of Sale. She said the bond sale resolution would award the bid to Morgan Stanley & Co., LLC, and that Morgan Stanley has elected not to use bond insurance on this issue. She stated that the City has the option to adjust some of the principal payments to achieve a level debt service if necessary as stated in the Notice of Sale approved by the Board at its last meeting. Ms. Lisa Daniel, co-financial advisor, stated that Morgan Stanley bid aggressively with a \$4.05 per \$1000 takedown. She said the cover bid was Wells Fargo Bank National Assn., with a 4.370981% TIC. Mr. Arnold stated that the bid reflects all par bonds and asked if that was part of the Notice of Sale. Ms. Hathorn stated that was part of the parameters. Ms. Daniel said it was common for Taxable Bonds to be bid at par.

The President asked for a motion to adopt the bond sale resolution for not to exceed \$70,000,000 Taxable Public Improvement Bonds, Issue of 2016, subject to any minor changes that may be recommended by co-financial advisors to the Board to achieve level debt service. Mr. O'Connor motioned to adopt the bond sale resolution awarding the bonds to Morgan Stanley & Co., Inc. as lowest bidder and Councilmember Head seconded, and on roll call the vote was as follows:

AYES: ARNOLD, HEAD, BLUE, JOHNSON, MOODY, O'CONNOR, ZERVIGON

NAYS: NONE

ABSENT: LANDRIEU, WILLIAMS

And the resolution was adopted.

The President asked for any other business or questions. Mr. Arnold asked co-bond counsel to explain why these bonds are being sold as taxable vs tax-exempt. He asked what the City would have to do to be able to sell bonds on a tax-exempt basis again. Ms. Hathorn said the City would need more of a track record to show that bond proceeds are spent within a three year period of receiving the proceeds. She said although the City is on track in developing an expenditure record to meet the three year drawdown period, co-bond counsel feels out an abundance of caution, the bonds sold today should be sold as taxable. She said that would protect the City and this Board from questioning by the IRS. Councilmember Head asked what the Board can do to stay on top of capital projects to ensure proceeds are spent timely. Ms. Hathorn stated that the Board should continue to monitor where and when the proceeds are spent and possibly have reports verbally made directly to the Board. Councilmember Head agreed and stated that having a calendar driven schedule to monitor capital projects would help make the process more efficient. The President asked how often the reports come from capital projects. The Secretary stated the reports come out quarterly and the stated that he puts the most recent report in each member's folder for each Board meeting. Councilmember Head asked about possibly having someone from capital projects make a verbal presentation directly to the Board addressing the most recent quarterly report. Katie Dignan, with City of New Orleans Capital Projects, stated that all that the Board has discussed is possible including a verbal presentation to the Board at its next meeting. She said part of the problem is after Hurricane Katrina, the City used much of the bond proceeds as a revolver and as FEMA reimburses funds, these proceeds are added back into the outstanding balance. The President asked if the money owed by FEMA was included in the quarterly report. Ms. Dignan stated that it was not, but she would begin to include the moneys owed by FEMA in the quarterly reports in the future. Mr. Arnold stated that it is the Board's responsibility to issue the bonds on a taxable basis, based on the opinion of co-bond counsel, but the Board can raise the awareness of the unspent and outstanding bond proceeds.

There being no further business to come before the Board, Ms. Zervigon motioned for adjournment, Mr. Moody seconded, there being no objections, the meeting was adjourned by the President at 11:23 A.M.

David W. Gernhauser
Secretary