

## OFFICIAL STATEMENT

### REFUNDING ISSUE

Book-Entry Only

### RATINGS:

S&P: "AA+" (Negative Outlook) (Insured)

S&P: "A" (Stable Outlook) (Underlying)

Fitch: "A-" (Stable Outlook) (Underlying)

(SEE "BOND RATINGS" HEREIN)

*In the opinion of Co-Bond Counsel, under existing laws and regulations, the interest on the 2011A-1 Bonds (as defined below) is excluded from gross income for Federal income tax purposes; however, the interest on the 2011A-2 Bonds (as defined below) is not excluded from gross income for Federal income tax purposes. Under Louisiana law, the Bonds are exempt from all taxation for state, parish, municipal or other local purposes. See "Tax Matters" and Appendix "H" herein.*

**\$24,370,000**

**AUDUBON COMMISSION  
AQUARIUM TAX BONDS, SERIES 2011A-1**

**\$630,000**

**AUDUBON COMMISSION  
AQUARIUM TAX BONDS, SERIES 2011A-2 (TAXABLE)**

## CITY OF NEW ORLEANS, LOUISIANA

**Dated: Date of Delivery**

**Due: October 1, as herein provided**

The referenced Audubon Commission Aquarium Tax Bonds, Series 2011A-1 (the "2011A-1 Bonds"), and Aquarium Tax Bonds, Series 2011A-2 (Taxable) (the "2011A-2 Bonds," and together with the 2011A-1 Bonds, the "Bonds") are being initially issued by the City of New Orleans, Louisiana (the "Issuer") as fully registered bonds without coupons in denominations of \$5,000 each, or any integral multiple thereof within a single maturity, and when issued will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. **Purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased.** Purchases of the Bonds may be made only in book-entry form in authorized denominations by credit to participating broker-dealers and other institutions on the books of DTC as described herein. Principal of the Bonds is payable at the principal corporate trust office of The Bank of New York Mellon Trust Company, Dallas, Texas, as Paying Agent, or any successor thereto. Interest on the Bonds is payable on April 1, 2012, and semiannually thereafter on each April 1 and October 1 on which the Bonds are outstanding. See "BOOK-ENTRY ONLY SYSTEM" herein.

**The Bonds are not subject to redemption prior to their stated maturities.**

The Bonds and the Outstanding Parity Bonds (hereinafter defined) are special limited obligations of the Issuer and are secured by and payable solely from an irrevocable pledge and dedication of the funds to be derived from the levy and collection of a special *ad valorem* tax upon all property subject to taxation within the Issuer authorized to be collected for a period of thirty-five (35) years, beginning in 1987, in an election held on November 4, 1986 (the "Tax"). The Tax was originally approved at the rate of 3.80 mills but has been adjusted to 2.99 mills pursuant to the provisions of Article VII, Section 23 of the Louisiana Constitution of 1974. The 2011A-1 Bonds are being issued for the purpose of defeasing \$15,000 of the Issuer's Outstanding Audubon Commission Aquarium Refunding Bonds, Series 2001 A (the "Series 2001 A Bonds") and \$70,000 of the Issuer's outstanding Audubon Commission Aquarium Bonds, Series 2001 B (the "Series 2001 B Bonds") maturing on October 1, 2011, defeasing and refunding in advance of maturity \$13,360,000 of the Series 2001 A Bonds and \$6,083,572.25 of the Series 2001 B Bonds maturing October 1, 2012 through October 1, 2021, providing amounts for capital improvements to the Audubon Aquarium of the Americas and related facilities and paying costs of issuance of the Bonds and costs of credit enhancement devices on the 2011A-1 Bonds, if any. The 2011A-2 Bonds are being issued for the purpose of paying a portion of the interest due on the Bonds and paying costs of issuance of the Bonds. The Bonds are being issued on a complete parity with \$7,705,000 of the Issuer's Audubon Commission Aquarium Refunding Bonds, Series 2003 A, maturing October 1, 2011 to October 1, 2013, inclusive (the "Outstanding Parity Bonds").

**Maturity Schedules for the Bonds and additional information  
appear on the inside cover of this Official Statement.**



The scheduled payment of the principal of and interest on the 2011A-1 Bonds, maturing October 1, 2018 through October 1, 2021, inclusive, when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds, by ASSURED GUARANTY MUNICIPAL CORP.

The Bonds are offered subject to the joint approving opinion of The Godfrey Firm, PLC, Foley & Judell, L.L.P., and The Cantrell Law Firm, Co-Bond Counsel, New Orleans, Louisiana. Certain matters will be passed upon by Auzenne & Associates, L.L.C., as Counsel to the Underwriters. It is expected that the Bonds will be delivered at the offices of DTC in New York, New York, on or about September 22, 2011, against payment therefor.

**LOOP CAPITAL MARKETS**

**Morgan Keegan**

**DORSEY & COMPANY, INC.**

*The date of this Official Statement is August 17, 2011. This cover page and the following page contain information for quick reference only. They are not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.*

# CITY OF NEW ORLEANS, LOUISIANA

## MATURITY SCHEDULES (Base CUSIP No. 64763T)

### \$24,370,000 AUDUBON COMMISSION AQUARIUM TAX BONDS, SERIES 2011A-1

<u>Due</u> <u>October 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIPs</u>	<u>Due</u> <u>October 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIPs</u>
2014	\$ 2,075,000	3.00%	1.50%	BY4	2018*	\$ 3,185,000	4.00%	2.92%	CC1
2015	2,800,000	3.00%	1.75%	BZ1	2019*	3,305,000	5.00%	3.26%	CD9
2016	2,880,000	5.00%	2.20%	CA5	2020*	3,470,000	5.00%	3.49%	CE7
2017	3,025,000	5.00%	2.63%	CB3	2021*	3,630,000	5.00%	3.66%	CF4

\* The October 1, 2018 through October 1, 2021 maturities of the 2011A-1 Bonds will be insured by ASSURED GUARANTY MUNICIPAL CORP.

### \$630,000 AUDUBON COMMISSION AQUARIUM TAX BONDS, SERIES 2011A-2 (TAXABLE)

<u>Due</u> <u>October 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIPs</u>
2014	\$ 630,000	1.70%	1.70%	CG2

**CUSIP Numbers** © Copyright 2011, American Bankers Association. CUSIP data herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw Hill Companies, Inc. The Issuer takes no responsibility for the accuracy of the CUSIP numbers, which are included solely for the convenience of the owners of the Bonds.

No dealer, broker, salesperson or other person has been authorized by either the City, the Commission, or the Board of Liquidation to give any information or to make any representations in connection with the Bonds or the matters described herein, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by either the City, the Commission, or the Board of Liquidation. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the matters described herein since the date hereof. The information described herein has been obtained from sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

**THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM (“ORIGINAL BOUND FORMAT”) OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: <http://www.munios.com>. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITE.**

Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the Insured Bonds or the advisability of investing in the Insured Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “BOND INSURANCE” and Appendix “J” Specimen Municipal Bond Insurance Policy.

#### **Cautionary Statements Regarding Forward-Looking Statements in this Official Statement**

This Official Statement is marked with a dated date and speaks only as of that dated date. Readers are cautioned not to assume that any information has been updated beyond the dated date except as to any portion of the Official Statement that expressly states that it constitutes an update concerning specific recent events occurring after the dated date of the Official Statement. Any information contained in the portion of the Official Statement indicated to concern recent events speaks only as of its date. The City, the Board of Liquidation and the Commission expressly disclaim any duty to provide an update of any information contained in this Official Statement, except as agreed upon by said parties pursuant to the Continuing Disclosure Certificate included herein as Appendix “I.”

The information contained in this Official Statement may include forward looking statements by using forward-looking words such as “may,” “will,” “should,” “expects,” “believes,” “anticipates,” “estimates,” “budgets” or others. The reader is cautioned that forward-looking statements are subject to a variety of uncertainties that could cause actual results to differ from the projected results. Those risks and uncertainties include general economic and business conditions, and various other factors which are beyond the control of the City, the Board of Liquidation and the Commission.

This Official Statement contains projections of revenues, expenditures and other matters. Because the City, the Board of Liquidation and the Commission cannot predict all factors that may affect future decisions, actions, events or financial circumstances, what actually happens may be different from what is included in forward-looking statements.

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# CITY OF NEW ORLEANS, LOUISIANA

## MAYOR

Mitchell J. Landrieu

## CITY COUNCIL

Jacquelyn B. Clarkson, *Councilmember at Large, President*  
Arnie Fielkow, *Councilmember at Large, Vice-President*  
Susan G. Guidry, *Councilmember District "A"*  
Stacey S. Head, *Councilmember District "B"*  
Kristin Gisleson Palmer, *Councilmember District "C"*  
Cynthia Hedge-Morrell, *Councilmember District "D"*  
Jon D. Johnson, *Councilmember District "E"*

## BOARD OF LIQUIDATION, CITY DEBT

Mary K. Zervigon, *President*  
Richard P. Wolfe, *Vice President*

Mitchell J. Landrieu, <i>ex officio</i>	Arnie Fielkow, <i>ex officio</i>
Jacquelyn B. Clarkson, <i>ex officio</i>	W. Raymond Manning
Alan C. Arnold	Mark M. Moody
Wanda Ackers-Brooks	

David W. Gernhauser, *Secretary*

## AUDUBON COMMISSION

Willard Dumas, *DDS, President*  
J. Kelly Duncan, *1<sup>st</sup> Vice President*  
Daniel O. Conwill, IV, *2<sup>nd</sup> Vice President*  
K. Barton Farris, *MD, Treasurer*  
Mimi Bowen, *Immediate Past President*

Judy Bajoie  
Linda G. Baum  
Terrell P. Clayton  
Ashley Francis  
Kim Glazer Goldberg  
John A. Gordon

Nicole F. Hardin  
Bruce R. Hoefler, Jr.  
Wilmer Jacobs  
Leonard Kopowski  
Beth Lambert  
Field Ogden, MD

Joseph St. Martin  
Cedric Smith  
Naaman Stewart  
Charles C. Teamer  
Tom Watson  
D. Brent Wood

## Consultants and Advisors

-----  
Paciera, Gautreau & Priest, LLC  
The Godfrey Firm, PLC  
Foley & Judell, L.L.P.  
The Cantrell Law Firm  
Henry F. Kinney  
Lemle & Kelleher, L.L.P.  
Public Financial Management, Inc.  
Fiscal Services, Inc.  
Robert Thomas CPA, LLC

Auditors for the Audubon Commission  
Auditors for the Board of Liquidation, City Debt  
Co-Bond Counsel  
Co-Bond Counsel  
Co-Bond Counsel  
Counsel to the Audubon Commission  
Counsel to the Board of Liquidation, City Debt  
Financial Advisor to the Board of Liquidation, City Debt  
Consultant to the Board of Liquidation, City Debt  
Verification Agent

## OFFICIAL STATEMENT

**\$24,370,000**  
**AUDUBON COMMISSION**  
**AQUARIUM TAX BONDS, SERIES 2011A-1**

**\$630,000**  
**AUDUBON COMMISSION**  
**AQUARIUM TAX BONDS, SERIES 2011A-2**  
**(TAXABLE)**

## CITY OF NEW ORLEANS, LOUISIANA

### INTRODUCTORY STATEMENT

This Official Statement of the City of New Orleans, Louisiana (either the “Issuer,” the “City” or “New Orleans”) is provided to furnish information with respect to \$24,370,000 principal amount of the City’s Audubon Commission Aquarium Tax Bonds, Series 2011A-1 (the “2011A-1 Bonds”) and \$630,000 principal amount of the City’s Audubon Commission Aquarium Tax Bonds, Series 2011A-2 (Taxable) (the “2011A-2 Bonds,” and together with the 2011A-1 Bonds, the “Bonds”). The Bonds are being issued pursuant to an Amended and Restated Bond Resolution adopted by the governing authority of the Audubon Commission (the “Commission”) on July 14, 2011, which amended and restated a bond resolution adopted by the Commission on May 4, 2011, and a supplemental resolution ratifying the sale of the Bonds and fixing the terms and details thereon adopted by the Commission on August 17, 2011 and a resolution adopted by the Board of Liquidation, City Debt (the “Board of Liquidation”) on August 17, 2011. The foregoing resolutions of the Board of Liquidation and the Commission are hereinafter referred to collectively as the “Bond Resolution.”

The 2011A-1 Bonds are being issued for the purpose of defeasing \$15,000 of the Issuer’s Outstanding Audubon Commission Aquarium Refunding Bonds, Series 2001 A (the “Series 2001 A Bonds”) and \$70,000 of the Issuer’s outstanding Audubon Commission Aquarium Bonds, Series 2001 B (the “Series 2001 B Bonds”) maturing on October 1, 2011, defeasing and refunding in advance of maturity \$13,360,000 of the Series 2001 A Bonds and \$6,083,572.25 of the Series 2001 B Bonds maturing October 1, 2012 through October 1, 2021, providing amounts for capital improvements to the Audubon Aquarium of the Americas (the “Aquarium”) and related facilities and paying costs of issuance of the Bonds and costs of credit enhancement devices on the 2011A-1 Bonds. The 2011A-2 Bonds are being issued for the purpose of paying a portion of the interest due on the Bonds and paying costs of issuance of the Bonds. The Bonds are being issued on a complete parity with the Outstanding Parity Bonds (hereinafter defined).

The descriptions and summaries of the City, the Commission, the Board of Liquidation, the Bonds, the Bond Resolution, and various documents hereinafter set forth do not purport to be comprehensive or definitive, and are qualified by reference to such entity, act, resolution, ordinance, document or instrument so referred to or summarized. During the initial offering of the Bonds, copies of the Bond Resolution and the form of the Bonds are available from the Underwriters (hereinafter defined).

Additional information about the Board of Liquidation, the City, the Parish of Orleans (the "Parish") and the Commission is included in Appendix "A" hereto. The Annual Financial Report of the Commission for the year ended December 31, 2010 is included in Appendix "B" hereto. Audited financial statements of the Board of Liquidation for the year ended December 31, 2010, are included in Appendix "D" hereto. Maps indicating the general location of the City are included before Appendix "A" hereto.

Reference in this Official Statement to owner, holder, registered owner, Bondholder or Bond owner means the registered owner of the Bonds determined in accordance with the Bond Resolution.

This Official Statement contains information which has been furnished or obtained from the sources indicated. The factors affecting the City's financial condition and the security for the Bonds are described throughout this Official Statement, which should be read in its entirety. The summaries of and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete and each such document, statute, report or instrument is qualified in its entirety by reference to each such document, statute, report or instrument, copies of which are available from the Board of Liquidation. Any dealer, broker, salesperson or other persons interested in bidding on the obligations herein described may receive additional copies of this Official Statement prior to the date of sale upon request to the Secretary of the Board of Liquidation.

### **Authorization of Bonds**

The Bonds are authorized by Act No. 191 of the Louisiana Legislature for the year 1914, as amended by Act No. 309 of the Louisiana Legislature for the year 1986 (collectively, the "Act"), and pursuant to the Bond Resolution. As the Issuer, the City is acting through the Board of Liquidation. See "BOARD OF LIQUIDATION" herein.

The issuance, sale and delivery of the Bonds have been approved by the City Council of New Orleans (the "City Council") on June 2, 2011 and August 4, 2011, by its adoption of Resolutions No. R-11-238 and No. R-11-337, and by the Louisiana State Bond Commission on June 16, 2011 and July 21, 2011.

### **Security and Source of Payment for the Bonds**

The Bonds are being issued on a complete parity with \$7,705,000 of the Issuer's Audubon Commission Aquarium Refunding Bonds, Series 2003 A, maturing October 1, 2011 to October 1, 2013, inclusive (the "Outstanding Parity Bonds"). The Bonds and the Outstanding Parity Bonds are special and limited obligations of the City payable from and secured solely by an irrevocable pledge and dedication of the avails or proceeds of the special *ad valorem* tax (the "Tax") upon all taxable property in the City, being imposed, levied and collected for a period of thirty-five (35) years, beginning in the year 1987, pursuant to the Act and as approved by the voters in a referendum on November 4, 1986. The Tax was originally levied at the rate of three and four-fifths (3.80) mills, and is currently being levied and collected at the rate of two and ninety-nine hundredths (2.99) mills, having been adjusted pursuant to Article VII, Section 23 of the Louisiana Constitution of 1974 (the "Constitution"). See "SECURITY FOR THE BONDS" herein. Subject to certain conditions, the City may issue additional bonds under the Bond Resolution on a parity with the Bonds and the Outstanding Parity Bonds. See "THE BOND RESOLUTION- Issuance of Additional Bonds" herein.

## **The Commission**

The Commission is an independent agency of the City and is the successor to the Audubon Park Commission, which was created by Act 191 of the Legislature of the State of Louisiana (the “State”) for the year 1914, as amended. On November 18, 1995, the voters of the City adopted amendments to the Home Rule Charter of the City of New Orleans (the “Charter”), including a provision that the Audubon Park Commission shall hereinafter be known as the Audubon Commission and shall be continued in existence from January 1, 1996, the effective date of the amendment. The Charter also provides that the Commission administer, operate, and maintain facilities including Audubon Park, the Aquarium, Woldenberg Riverfront Park, the Species Survival Center, the Louisiana Nature Center and other educational, cultural and recreational facilities, and to perform such other duties as are provided by applicable law, subject to the City’s Master Plan, its land use regulations, and its permitting authority. The Charter provides that the Commission shall not accept, assume, or exercise any power or function which relates to taxation or the police power or which imposes a financial obligation on the City derived from any State law unless approved by ordinance of the City Council.

## **MAJOR EVENTS AND RISK FACTORS**

### **Hurricanes Katrina and Rita**

Hurricane Katrina struck the Central Gulf Coast near New Orleans as a Category 4 hurricane on August 29, 2005. Failure of several sections of the levee system surrounding the City resulted in flooding that inundated approximately 80 percent of the City with water up to 20 feet deep in some places. Hurricane Rita struck near the Texas-Louisiana border on September 24, 2005 as a Category 3 hurricane. Storm surge associated with Hurricane Rita reopened some of the levee breaches that originally resulted from Hurricane Katrina and reflooded parts of New Orleans.

The Commission’s facilities suffered varying degrees of damage. The Audubon Zoo experienced damage to several buildings, animal shelters and trees and other vegetation but suffered no escapes and only minimal loss of animal life. The Zoo closed immediately after Hurricane Katrina and reopened with limited hours on November 25, 2005, less than three months following the storm. The roof and buildings housing the Aquarium and IMAX Theater were severely damaged, more than 4,000 animals perished and many more were relocated to other facilities throughout the nation during the facilities’ recovery. The Aquarium reopened to visitors in May 2006. Other facilities of the Commission were also significantly impacted. Through vigorous efforts of staff and volunteers, the Commission’s revitalization since Hurricane Katrina has been dramatic. See “APPENDIX A – Financial and Statistical Data Relative to the City of New Orleans, the Audubon Commission, and the Parish of Orleans, State of Louisiana – Economic Indicators – Tourism” attached hereto for information regarding attendance at various Commission facilities since 2006. Commission operating revenues were \$34,977,094 in fiscal year 2010, representing a 17% increase in operating revenues when compared to fiscal year 2004 immediately before the storms.

The storm and its devastation likewise had an enormous impact on the economy of the City of New Orleans and the region. Thousands of residents were displaced to other parts of the country and have been slow to return or are not likely to return at all. Businesses suffered damages partly as a result of the loss of their workforce. Many of those businesses that remain or have

returned to the City have reduced operations due to the workforce shortage. Nearly six years after the storms, the City is showing signs of economic recovery. The City's population according to the 2010 Census is 343,829, compared to a pre-Katrina population of approximately 435,000. City Sales tax revenues in fiscal year 2010 were 95.75% of those in fiscal year 2004. Although the City is recovering at a steady pace, economic indicators have not fully reached pre-Katrina levels. The City's economy will continue to feel the impact of the storms for many years to come, and it is impossible to predict when and if the economy will return to pre-storm levels. Tourism continues to show steady growth, however, with over 8.3 million tourists visiting the City in 2010, the first time since Katrina that the number of visitors has topped 8 million. By contrast, an estimated 10.1 million tourists visited the City in 2004, the last full year prior to the storm. Visitors spent an estimated \$5.3 billion in the City in 2010, the highest total in the City's history.

The Board of Liquidation continued to make the required debt service payments on all then-outstanding bonds issued by the City on behalf of the Commission, due in part to loans from the State of Louisiana (the "State"). To assist local political subdivisions, including the City and its component entities and independent boards (such as the Commission) with current operating expenses and the payment of debt service on various obligations, the State and the federal government put in place borrowing programs designed to provide immediately available revenues to such political subdivisions. For more information on the amounts borrowed by the City and its component entities and independent boards pursuant to these programs, see "DEBT STATEMENT – Hurricane-Related Borrowing" below.

The ability of the Board of Liquidation to pay the debt service on the Bonds and the Outstanding Parity Bonds is dependent on many factors the outcome of which are impossible to predict. The Board of Liquidation expects to continue to make principal and interest payments as scheduled.

### **Levees and Flood Protection**

Coastal Louisiana, including the City, is susceptible to hurricanes wherein winds and flooding have from time to time caused significant damage, particularly in the case of Hurricane Katrina.

Subsequent to Hurricane Katrina, the U.S. Army Corps of Engineers has undertaken a project consisting of the planning, design and construction of a flood protection system to the Metropolitan New Orleans Area. The flood protection system includes improved levees and floodwalls and temporary and permanent floodgates. Construction has been completed on several portions of the flood protection system improvements, and construction has commenced on others. It is anticipated that all proposed flood protection system improvements will be completed in 2012, at a total cost of \$12 billion. No assurance can be given that the proposed flood protection system improvements will prevent wind and flooding resulting from future significant weather events.

## **Gulf Oil Spill**

On April 20, 2010, an offshore drilling rig located approximately 50 miles from the southeast Louisiana coast exploded and sank two days later. As a result of such event, significant amounts of crude oil spilled into the Gulf of Mexico. Approximately three days after the explosion, state, local and federal agencies, as well as BP p.l.c. (“BP”), the lessee of the oil rig, began efforts to shut off the flow of oil from the well in an effort to protect hundreds of miles of beaches, wetlands and estuaries along the northern Gulf Coast, including the State, using a variety of techniques, including well caps, skimmer ships, floating containment booms, anchored barriers and sand-filled barricades along shorelines.

On August 4, 2010, the well achieved “static condition,” meaning the flow of oil was completely stopped. The well is now considered dead. As a result of the explosion, the National Oceanic and Atmospheric Administration closed approximately 86,985 square miles of the Gulf of Mexico, all of which it has since reopened.

On May 28, 2010, the Interior Department, through the Bureau of Ocean Energy Management Regulation and Enforcement (formerly the Minerals Management Service and referred to herein as the “Bureau”) issued a moratorium (the “Moratorium”) on permits for new wells being drilled using floating oil rigs and an immediate halt to drilling operations on thirty-three (33) permitted wells that are currently being drilled using floating rigs in the Gulf of Mexico. On July 12, 2010, Bureau issued a revised six-month moratorium that is applicable to all floating rigs that use subsurface blowout preventers, as well as floating rigs that use blowout preventers on board the rig itself.

The Bureau lifted the Moratorium on October 12, 2010, prior to its previously-stated termination date. The Bureau is currently granting permit applications for offshore rigs in the Gulf of Mexico; however, the number of permits being granted on a monthly basis at present lags behind those granted prior to this incident.

BP has announced that it will create a \$20 billion Gulf of Mexico Oil Spill Fund that will be administered by a third-party claims administrator. BP has represented that it will deposit \$5 billion a year into such fund. BP has represented that funds on deposit therein will be made available for damages to property resulting from the oil spill, lost wages resulting from the oil spill and commercial losses resulting from the oil spill. The federal government has installed Kenneth Feinberg to administer this fund. There can be no guarantees how many claims will be paid within the jurisdiction of the Issuer.

It is anticipated that the State and local governments, including the Issuer, will be reimbursed by the federal government and/or BP for any expenditures made in connection with remediating the oil spill; however, the impact of this event to the Parish’s ecosystem and economy, including tourism, fisheries and oil production, is impossible to predict at this time.

THE BONDS INVOLVE A SUBSTANTIAL DEGREE OF RISK. POTENTIAL INVESTORS IN THE BONDS ARE RESPONSIBLE FOR CONDUCTING AN INDEPENDENT INVESTIGATION OF MATTERS RELATING TO THE FINANCIAL ASPECTS OF THE BONDS, THE COMMISSION, THE ISSUER, THE BOARD OF LIQUIDATION AND THE SECURITY FOR THE BONDS TO DETERMINE IF AN INVESTMENT IN THE BONDS, AND

THE RISKS ASSOCIATED THEREWITH, IS CONSISTENT WITH THEIR INVESTMENT OBJECTIVES. POTENTIAL INVESTORS SHOULD NOT RELY ON ANY PARTY TO THE TRANSACTION WITH RESPECT TO THE INVESTIGATION OF ANY SUCH MATTERS. PROSPECTIVE PURCHASERS SHOULD CONFER WITH THEIR OWN LEGAL AND FINANCIAL ADVISORS BEFORE CONSIDERING A PURCHASE OF THE BONDS.

### **PURPOSE OF ISSUE**

On November 29, 2001, the City issued (i) \$13,555,000 original principal amount of its Series 2001 A Bonds for the purposes of refunding \$13,390,000 of the City's Audubon Park Commission Aquarium Bonds, Series 1993, and (ii) \$6,683,572.25 original principal amount of its Series 2001 B Bonds for the purposes of providing additional amounts for the future establishment, acquisition, construction, extension and improvement of the Aquarium, including new exhibits therein, and related facilities, including the development, design and construction in space leased in the United States Custom House for the Audubon Insectarium. There are currently outstanding \$13,375,000 of the Series 2001 A Bonds and \$6,153,572.25 of the Series 2001 B Bonds. The 2011A-1 Bonds are being issued for the purpose of defeasing \$15,000 of the Series 2001 A Bonds and \$70,000 of the Series 2001 B Bonds maturing on October 1, 2011 (collectively, the "Defeased Bonds"), defeasing and refunding in advance of maturity \$13,360,000 of the Series 2001 A Bonds and \$6,083,572.25 of the Series 2001 B Bonds maturing October 1, 2012 through October 1, 2021 (collectively, the "Refunded Bonds") (see "PLAN OF REFUNDING" herein), providing amounts for capital improvements to the Aquarium and related facilities and paying costs of issuance of the Bonds and costs of credit enhancement devices on the 2011A-1 Bonds. The 2011A-2 Bonds are being issued for the purpose of paying a portion of the interest due on the Bonds and paying costs of issuance of the Bonds.

### **COVERAGE**

Pursuant to the Act, the maximum amount required to be paid or set aside in the current year or any future calendar year for the payment of principal of and interest on bonds issued pursuant to the Act and all of the bonds theretofore issued and then outstanding pursuant to the Act shall not exceed seventy-five percent of the tax revenues of the calendar year next preceding the date of the adoption by the Commission of the resolution authorizing the issuance of said bonds. The maximum combined principal and interest requirements on the Bonds and the Outstanding Parity Bonds is the sum of \$3,832,650 (including funds made available from the Series 2011A Bonds Interest Defeasance Account (as defined below) for the payment of a portion of the interest due on the Series 2011A-1 Bonds during years 2012 and 2013). (See "PLAN OF REFUNDING" below, and Appendix "F" attached hereto.) Revenues of the Tax for the 2010 tax year were \$7,172,316, and seventy-five percent (75%) such revenues totals approximately \$5,379,237.

Revenues of the Tax for the 2010 tax year of \$7,172,316, will provide a coverage of approximately **1.87 times** the maximum annual net debt service requirements on the Bonds and the Outstanding Parity Bonds in any future calendar year.

## PLAN OF REFUNDING

In connection with the receipt of a portion of the proceeds of each series of the Bonds, the Issuer will establish a special trust fund (the “Escrow Fund”) pursuant to the terms of an Escrow Deposit Agreement (the “Agreement”) to be dated as of September 22, 2011, by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., in the City of Dallas, Texas (the “Escrow Agent”). Copies of the Agreement will be available at the Municipal Securities Rulemaking Board (the “MSRB”), Washington, D.C.

A portion of the proceeds of the 2011A-1 Bonds, together with additional moneys provided by the Issuer, will be irrevocably deposited in trust in special accounts within the Escrow Fund (the “Series 2001A Bonds Defeasance Account” and “Series 2001B Bonds Defeasance Account, and collectively, the “Series 2001 Bonds Account”) and applied by the Escrow Agent for the purpose of (1) accomplishing a gross defeasance of the Defeased Bonds and the Refunded Bonds, (2) paying the principal of and interest on the Defeased Bonds and the interest due on the Refunded Bonds on October 1, 2011, and (3) paying the principal of and interest and redemption premium on the Refunded Bonds on October 3, 2011. Funds in the Series 2001 Bonds Account will remain uninvested until required to be used for the redemption described in this paragraph.

A portion of the proceeds of the 2011A-2 Bonds will be irrevocably deposited in trust in a special account within the Escrow Fund (the “Series 2011A Bonds Interest Defeasance Account”) and applied by the Escrow Agent for the purpose of paying a portion of the interest costs on the Bonds as they come due on the Interest Payment Dates (as defined herein) beginning April 1, 2012 and ending October 1, 2013. Funds in the Series 2011A Bonds Interest Defeasance Account will be used to purchase non-callable direct general obligations of the United States of America, or obligations unconditionally guaranteed in principal and interest by the United States of America, until required to be used for the interest payments described in this paragraph.

Prior to or concurrently with the delivery of the Bonds, the Issuer will obtain an independent mathematical verification that the moneys required to be irrevocably deposited in trust in the Series 2001 Bonds Account will be sufficient for the payment of (1) the principal of and interest on the Defeased Bonds on their maturity date, (2) the interest due on the Refunded Bonds on October 1, 2011, and (3) the principal of and interest and redemption premium on the Refunded Bonds on their redemption date. See “VERIFICATION OF COMPUTATIONS” herein.

*[Remainder of page intentionally left blank.]*

## SOURCES AND USES OF FUNDS

### 2011A-1 Bonds

<u>Sources</u>	
Bond Proceeds	\$24,370,000.00
Original Issue Premium	2,433,627.10
Sinking Fund Contribution	<u>442,589.38</u>
Total Sources	<u>\$27,246,216.48</u>

<u>Uses</u>	
Deposit to Series 2001A Bonds Defeasance Account	\$13,991,143.12
Deposit to Series 2001B Bonds Defeasance Account	10,437,359.11
Released to Commission for Authorized Purposes**	2,421,356.87
Costs of Issuance***	<u>396,357.38</u>
Total Uses	<u>\$27,246,216.48</u>

\*\* *Authorized Purposes include the establishment, acquisition, construction, advertisement and promotion, repair, maintenance, control, development and improvement of the Aquarium and related facilities in the City of New Orleans*

\*\*\* *Includes Underwriters' discount, legal fees, other fees, bond insurance premium, printing, publications, and other expenses.*

### 2011A-2 Bonds

<u>Sources</u>	
Bond Proceeds	<u>\$630,000.00</u>
Total Sources	<u>\$630,000.00</u>

<u>Uses</u>	
Deposit to Series 2011A Bonds Interest Defeasance Account	\$622,348.98
Costs of Issuance***	<u>7,651.02</u>
Total Uses	<u>\$630,000.00</u>

\*\*\* *Includes Underwriters' discount, legal fees, other fees, printing, publications, and other expenses.*

*[Remainder of page intentionally left blank.]*

## DESCRIPTION OF THE BONDS

### Amount of Bonds Being Issued

Twenty-Four Million Three Hundred Seventy Thousand Dollars (\$24,370,000) of Audubon Commission Aquarium Tax Bonds, Series 2011A-1, and Six Hundred Thirty Thousand Dollars (\$630,000) of Audubon Commission Aquarium Tax Bonds, Series 2011A-2 (Taxable) of the Issuer are being issued.

### Date of Issue

The Bonds are dated as of their date of delivery, which is anticipated to be September 22, 2011.

### Security and Source of Payment for the Bonds

**Limited *ad valorem* taxation.** The Bonds and the Outstanding Parity Bonds are special and limited obligations of the City payable from and secured solely by an irrevocable pledge and dedication of the avails or proceeds of the Tax. See “SECURITY FOR THE BONDS” herein.

### Form and Denominations

The Bonds are initially issuable as fully registered bonds in “book-entry” only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds, and purchasers of the Bonds will not receive certificates representing their interest in the Bonds purchased. The Bonds are being issued in the denomination of Five Thousand Dollars (\$5,000) or any integral multiple thereof within a single maturity.

### Average Life

The average life of the 2011A-1 Bonds is approximately 6.847 years from their dated date.

The average life of the 2011A-2 Bonds is approximately 3.025 years from their dated date.

### Maximum Annual Debt Service Requirements

Year ending December 31, 2018: \$3,832,650 (includes the Bonds and the Outstanding Parity Bonds, and includes funds made available from the Series 2011A Bonds Interest Defeasance Account for the payment of a portion of the interest due in years 2012 and 2013 on the Bonds).

For additional information, see Appendix “F” herein.

## **Maturities; Interest Payment Dates**

The Bonds will mature on October 1 in the years and in the principal amounts indicated on the inside front cover page of this Official Statement. Interest on the Bonds is payable on April 1 and October 1 of each year, commencing April 1, 2012 (each an “Interest Payment Date”), at the rates per annum indicated on the cover page hereof. The Bonds shall bear interest from the date thereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for. A portion of the interest due on the Bonds in years 2012 and 2013 will be paid with moneys held in the Series 2011A Bonds Interest Defeasance Account.

## **Redemption Provisions**

The Bonds are not subject to redemption prior to their stated maturities.

## **Provisions Applicable if Book-Entry Only System is Terminated**

**General.** Purchasers of Bonds will receive principal and interest payments, and may transfer and exchange Bonds, pursuant to the following provisions only if the book-entry only system is terminated. Otherwise, payments and transfers will be made only as described above under “Book-Entry Only System.”

**Place of Payment.** Principal of the Bonds will be payable at the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, or any successor paying agent (the “Paying Agent”).

**Payment of Interest.** Upon discontinuation of the book-entry only system, interest on the Bonds will be payable by check mailed on or before the Interest Payment Date by the Paying Agent to the registered owner, determined as of the close of business on the 15th calendar day of the month next preceding an Interest Payment Date (the “Record Date”), whether or not such day is a Business Day (as defined in the Bond Resolution), at the address of such registered owner as it appears on the registration books of the Paying Agent.

The person in whose name any Bond then outstanding is registered at the close of business on the Record Date with respect to an Interest Payment Date shall be entitled to receive the interest payable with respect to such Interest Payment Date notwithstanding the cancellation of such Bond upon any registration of transfer or exchange thereof subsequent to such Record Date and prior to such Interest Payment Date.

**Provisions for Transfer, Registration and Assignment.** Except as provided under DTC’s book-entry only system, the Bonds may be transferred, registered and assigned only on the registration books of the Paying Agent, and such registration shall be at the expense of the Issuer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instruments of transfer and assignment acceptable to the Paying Agent. A new Bond or Bonds will be delivered by the Paying Agent to the last assignee (the new registered owner) in exchange for such transferred and assigned Bonds after receipt of the Bonds to be transferred in proper form. Such new Bond or Bonds must be in the denomination of \$5,000 or any integral multiple thereof within a single maturity. Neither the Issuer nor the Paying Agent shall be required to issue, register, transfer or exchange any Bond during a period beginning at the opening of business on the 15th day of the month next preceding an interest payment date and ending at the close of business on the interest payment date.

## BOOK-ENTRY ONLY SYSTEM

The Bonds initially will be issued solely in book-entry only form to be held in the system maintained by DTC. So long as such book-entry only system is used, only DTC will receive or have the right to receive physical delivery of the Bonds and Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or holders of the Bonds under the Bond Resolution.

*The following information about the book-entry only system applicable to the Bonds has been supplied by DTC. The Issuer makes no representations, warranties or guarantees with respect to its accuracy or completeness.*

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers

of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue

6. are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be

requested by an authorized representative of DTC) is the responsibility of the Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, the Bonds are required to be printed and delivered.

10. The Issuer may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

THE ISSUER AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT THE DTC PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (i) PAYMENTS OF PRINCIPAL OF OR INTEREST AND PREMIUM, IF ANY, ON THE BONDS; (ii) CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN BONDS; OR (iii) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNERS OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DTC PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE ISSUER, THE UNDERWRITERS NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (2) THE PAYMENT BY ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OR INTEREST OR PREMIUM, IF ANY, ON THE BONDS; (3) THE DELIVERY BY ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND RESOLUTION TO BE GIVEN TO BONDHOLDERS; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

## **BOND INSURANCE**

The following information has been provided by Assured Guaranty Municipal Corp.

### **Bond Insurance Policy**

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. (“AGM”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the 2011A-1 Bonds maturing October 1, 2018 through October 1, 2021, inclusive (the “Insured Bonds”). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as Appendix “J” to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

### **Assured Guaranty Municipal Corp.**

AGM is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. (“Holdings”). Holdings is an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

AGM’s financial strength is rated “AA+” (negative outlook) by Standard and Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”) and “Aa3” (negative outlook) by Moody’s Investors Service, Inc. (“Moody’s”). An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by AGM. AGM does not guarantee the market price of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

### *Current Financial Strength Ratings*

On August 8, 2011, S&P published a Research Update in which it affirmed the “AA+” financial strength rating of AGM. At the same time, S&P revised the rating outlook on AGM to negative from stable. Reference is made to the Research Update, a copy of which is available at [www.standardandpoors.com](http://www.standardandpoors.com), for the complete text of S&P’s comments.

On January 24, 2011, S&P published a Request for Comment: Bond Insurance Criteria (the “Bond Insurance RFC”) in which it requested comments on its proposed changes to its bond insurance ratings criteria. In the Bond Insurance RFC, S&P notes that it could lower its financial strength ratings on existing investment-grade bond insurers (including AGM) by one or more rating categories if the proposed bond insurance ratings criteria are adopted, unless those bond insurers (including AGM) raise additional capital or reduce risk. Reference is made to the Bond Insurance RFC, a copy of which is available at [www.standardandpoors.com](http://www.standardandpoors.com), for the complete text of S&P’s comments.

On December 18, 2009, Moody’s issued a press release stating that it had affirmed the “Aa3” insurance financial strength rating of AGM, with a negative outlook. Reference is made to the press release, a copy of which is available at [www.moody.com](http://www.moody.com), for the complete text of Moody’s comments.

There can be no assurance as to any further ratings action that Moody’s or S&P may take with respect to AGM.

For more information regarding AGM’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which was filed by AGL with the Securities and Exchange Commission (the “SEC”) on March 1, 2011, AGL’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011, which was filed by AGL with the SEC on May 10, 2011 and AGL’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011, which was filed with the SEC on August 9, 2011.

#### *Capitalization of AGM*

At June 30, 2011, AGM’s consolidated policyholders’ surplus and contingency reserves were approximately \$ 3,050,613,849 and its total net unearned premium reserve was approximately \$ 2,254,726,646, in each case, in accordance with statutory accounting principles.

#### *Incorporation of Certain Documents by Reference*

Portions of the following documents filed by AGL with the SEC that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (which was filed by AGL with the SEC on March 1, 2011);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011 (which was filed by AGL with the SEC on May 10, 2011); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011 (which was filed by AGL with the SEC on August 9, 2011).

All information relating to AGM included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, after the filing of the last document referred to above and before the termination of the offering of the Insured Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52<sup>nd</sup> Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

AGM makes no representation regarding the Insured Bonds or the advisability of investing in the Insured Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE."

## **SECURITY FOR THE BONDS**

### **Pledged Tax Revenues**

The Bonds and the Outstanding Parity Bonds are payable from and secured by an irrevocable pledge and dedication of the avails or proceeds of the Tax, which is a limited tax upon all property subject to taxation in the City. On November 4, 1986, the voters of the City authorized the levy and collection of the Tax, originally levied at the rate of three and four-fifths (3.80) mills. The proposition approved by a majority of the voters in said election was as follows:

## PURPOSE G (Aquarium)

Proposition to levy and collect annually a three (3) and four-fifths (4/5) mills tax on all property subject to taxation for a period of 35 years in Orleans Parish to fund an AQUARIUM in said Parish.

Shall the City of New Orleans, Louisiana, be authorized to levy and collect annually, in addition to any other authorized tax, a special ad valorem tax authorized by Section 11 of Act 191 of 1914 as amended by Act No. 309 of 1986 not to exceed three (3) and four-fifths (4/5) mills on all property in the City of New Orleans subject to such tax to be levied for a period of thirty-five (35) years, beginning with the year 1987, which shall be collected in the same manner as all other ad valorem taxes? The avails of said special tax shall be dedicated to and used by the Audubon Park Commission of the City of New Orleans for the establishment, acquisition, construction, advertisement and promotion, repair, maintenance, supervision, control, development, and improvement of an aquarium and related facilities in the City of New Orleans. The avails or proceeds of said tax may be funded into bonds for the purposes of establishing, acquiring, constructing, extending, and improving an aquarium and related facilities in the City of New Orleans.

The result of said election was as follows:

Numbers of Votes FOR	98,975
Number of Votes Against	43,542

The Constitution generally provides that the dollar amount of *ad valorem* taxes (*except for general obligation bond millage*) received by a taxing authority cannot be reduced as a result of a reassessment; declines in taxable assessed valuations may be offset by a millage increase. The City, in 1988 and 1992, pursuant Article VII, Section 23 of the Constitution, adjusted the rate of the Tax to compensate for reductions in taxable assessed valuations. The Tax was raised from 3.80 mills to 3.85 mills in 1988 and from 3.85 mills to 4.11 mills in 1992, and the Tax was lowered from 4.11 mills to 2.99 mills in 2008.

The Tax is authorized to be levied for a period of thirty-five (35) years beginning in the year 1987. The City's Department of Finance began the collection of the Tax as of January 1, 1987. The proceeds of the Tax are remitted by the Department of Finance to the Board of Liquidation.

**The Bonds and the Outstanding Parity Bonds constitute borrowings solely upon the credit of the avails or proceeds of the Tax received or to be received by the City for the purposes set forth in the Act and will not constitute an indebtedness or pledge of the general credit of the City within the meaning of any constitutional or statutory provision relating to the incurring of indebtedness.**

As required by the Bond Resolution, debt service on the Bonds and the Outstanding Parity Bonds is to be paid from the first avails of the Tax. Residual Tax revenues may be remitted to the Commission for the purposes for which the Tax is levied and collected. Residual revenues have been and may continue to be applied to pay a portion of the costs of advertising, promotion, repair, maintenance, development and improvement of the Aquarium and related facilities, including the Audubon Insectarium.

The table on the following page shows the historical amounts collected from the Tax in recent years and how those amounts have been used to pay debt service on the bonds secured by the Tax and costs associated with other authorized purposes.

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**SUMMARY STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
AND CHARGES IN FUND BALANCE - BOARD OF LIQUIDATION, CITY DEBT  
ACCOUNT OF AUDUBON COMMISSION - AQUARIUM TAX FUND  
FOR THE YEARS ENDED DECEMBER 31, 2000 TO DECEMBER 31, 2010**

<b>YEAR ENDED DECEMBER 31</b>	<b>2000 <u>4.11 mills</u></b>	<b>2001 <u>4.11 mills</u></b>	<b>2002 <u>4.11 mills</u></b>	<b>2003 <u>4.11 mills</u></b>	<b>2004 <u>4.11 mills</u></b>	<b>2005 <u>4.11 mills</u></b>	<b>2006 <u>4.11 mills</u></b>	<b>2007 <u>4.11 mills</u></b>	<b>2008 <u>2.99 mills</u></b>	<b>2009 <u>2.99 mills</u></b>	<b>2010 <u>2.99 mills</u></b>
<b>RECEIPTS</b>											
Ad Valorem Taxes											
Advance Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current Year	6,109,376	6,388,689	6,606,856	6,777,358	7,454,369	7,637,773	5,169,424	6,760,517	6,253,555	6,496,877	6,928,636
Prior Years	<u>405,041</u>	<u>279,261</u>	<u>356,067</u>	<u>144,880</u>	<u>395,784</u>	<u>217,667</u>	<u>351,679</u>	<u>923,053</u>	-	<u>296,276</u>	<u>243,680</u>
Total	6,514,417	6,667,950	6,962,923	6,922,238	7,850,153	7,855,440	5,521,103	7,683,570	6,253,555	6,793,153	7,172,316
Interest on											
Investments			89	38	2,052	14,847	256	264	419	-	
Aquarium Tax Fund	<u>9,737</u>	<u>9,983</u>	<u>16,031</u>								
Total Receipts	6,524,154	6,677,933	6,978,954	6,922,327	7,850,191	7,857,492	5,535,950	7,683,826	6,253,819	6,793,572	7,172,316
<b>DISBURSEMENTS</b>											
Computers-Assessors					28,793						
Warrants	2,528,000	2,881,000	3,060,000	3,000,000	4,215,000	3,919,000	5,055,000	7,680,000	6,219,000	3,862,276	3,542,000
Debt Service - Ad Valorem Tax	3,865,690	3,867,890	3,806,450	4,080,319	3,627,184	3,628,984	784,492			2,976,399	3,630,079
Debt Service - Tax Credit											
Bond Loan							<u>2,844,492</u>	<u>3,627,074</u>	<u>3,631,811</u>	<u>656,399</u>	
Total Disbursements	6,393,690	6,748,890	6,866,450	7,080,319	7,870,977	7,547,984	8,683,984	11,307,074	9,850,811	7,495,074	7,172,079
Excess (Deficiency) of Receipts over Disbursements	130,464	(70,957)	112,504	(157,991)	(20,786)	309,508	(3,148,034)	(3,623,248)	(3,596,991)	(701,504)	237
<b>BALANCES</b>											
Beginning	7,665	138,129	67,172	179,676	21,684	899	310,407	(2,837,627)	(6,460,875)	(10,057,866)	(10,759,370)
Ending	<u>\$ 138,129</u>	<u>\$ 67,172</u>	<u>\$ 179,676</u>	<u>\$ 21,685</u>	<u>\$ 898</u>	<u>\$ 310,407</u>	<u>\$(2,837,627)</u>	<u>\$(6,460,875)</u>	<u>\$(10,057,866)</u>	<u>\$(10,759,370)</u>	<u>\$(10,759,133)</u>

Source: Annual Reports. Board of Liquidation.

Note: Presented on a Modified Cash Basis. For further information on the Tax Credit Bond Loan referenced in this chart, see "DEBT STATEMENT - Hurricane Related Borrowing" herein.

## THE BOND RESOLUTION

### Definitions

The Bond Resolution includes the definitions of the following selected terms:

“**Tax**” means a special tax on all property in the City of New Orleans; Louisiana subject to taxation, to be collected for a period of 35 years beginning in the year 1987, which was originally authorized at rate of 3-4/5 mills at an election held in the City on November 4, 1986 for the establishment, acquisition, construction, advertisement and promotion, repair, maintenance, supervision, development and improvement of the Aquarium and related facilities as increased or decreased from time to time in accordance with the provisions of Article VII Section 23 of the Louisiana Constitution of 1974, as amended.

“**Tax Revenues**” means the avails or proceeds of the Tax.

### Flow of Funds

The Bond Resolution provides that as long as the Outstanding Parity Bonds, if any, the Bonds or any Additional Bonds are Outstanding, the Board of Liquidation will maintain the Audubon Park Commission Fund, heretofore established with its fiscal agent banks and under the custody of the Board of Liquidation, consisting of the following special funds and accounts representing moneys to be held, controlled and disbursed by the Board of Liquidation in accordance with the Act and the Bond Resolution:

(A) “Audubon Park Commission Special Tax Account - Aquarium” (the “Special Tax Account”);

(B) “Audubon Park Commission Debt Service Account - Aquarium” (the “Debt Service Fund”); and

(C) “Audubon Park Commission - Aquarium Bond Proceeds Account ” (the “Bond Proceeds Fund”).

All of the Tax Revenues shall be paid over to the Board of Liquidation as collected by the proper officers of the City and will be deposited to the credit of the Special Tax Account. The moneys on deposit in the Special Tax Account will be used in the manner and order of priority set forth below:

(a) There shall be first transferred in each calendar year from the Special Tax Account to the Debt Service Fund such amount of money as shall be sufficient to pay the principal of and interest falling due in each such calendar year on all Bonds, Outstanding Parity Bonds, if any, and Additional Bonds (as defined below). Money so transferred to the Debt Service Fund shall be used solely for the purpose of paying the principal of, premium, if any, and interest on the Bonds, Outstanding Parity Bonds, if any, and Additional Bonds (as defined below).

(b) After the transfers prescribed by paragraph (a) above in each calendar year have been satisfied, then the balance of the moneys in the Special Tax Account in each such calendar year may be used by the Commission, for the purpose for which the Tax was voted or for the purpose of retiring bonds payable therefrom in advance of their maturities either by purchase of such bonds or at prices not greater than the redemption prices thereof or by redeeming them at their redemption prices. All disbursements made from the Special Tax Account pursuant to the provisions of this sub-paragraph shall be made to the Commission by the Board of Liquidation in accordance with requisitions submitted by an authorized officer of the Commission.

### **Issuance of Additional Bonds**

All of the Bonds and the Outstanding Parity Bonds, if any, shall enjoy complete parity of lien on the Tax Revenues despite the fact that any of the Bonds may be delivered at an earlier date than any other of the Bonds. The City shall issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on the Tax Revenues having priority over or parity with the Bonds, except that bonds may hereafter be issued on a parity with such Bonds (collectively, "Additional Bonds") under the following conditions:

(a) The Bonds and the Outstanding Parity Bonds, or any part thereof, including interest and redemption premiums thereon, may be refunded and the refunding bonds so issued shall enjoy complete equality of lien with the portion of such bonds which is not refunded, if there be any, and the refunding bonds shall continue to enjoy whatever priority of lien over subsequent issues may have been enjoyed by such bonds refunded, provided, however, that if only a portion of the Bonds or the Outstanding Parity Bonds outstanding is so refunded and the refunding bonds require total principal and interest payments during any bond year in excess of the principal and interest which would have been required in such bond year to pay such bonds refunded thereby, then such bonds may not be refunded without the consent of the Owners of the unrefunded portion of the Bonds, the Outstanding Parity Bonds or any Additional Bonds (provided such consent shall not be required if such refunding bonds meet the requirements set forth in paragraph (b) below).

(b) Additional Bonds may also be issued on a parity with the Bonds if all of the following conditions are met:

(i) The Tax Revenues in the calendar year immediately preceding the issuance of the Additional Bonds must have been not less than one and one-third ( $1 \frac{1}{3}$ ) times the highest combined principal and interest requirements for any succeeding calendar year period on all Bonds then outstanding, including the Outstanding Parity Bonds and any *pari passu* Additional Bonds theretofore issued and then outstanding and any other bonds or other obligations whatsoever then outstanding which are payable from the Tax Revenues (but not including bonds which would have been refunded or provision otherwise made for their full and complete payment and redemption) and the bonds so proposed to be issued.

(ii) The payments to be made into the various funds provided for the Bond Resolution must be current and no event of default thereunder shall have occurred and be continuing.

(iii) The existence of the facts required by paragraphs (i) and (ii) above must be determined and certified to by the Secretary of the Board of Liquidation, City Debt.

### **Bond Resolution to Constitute Contract**

In consideration of the purchase and acceptance of the Bonds by those who shall own the same from time to time, the provisions of the Bond Resolution shall be a part of the contract of the City, the Commission and the Board of Liquidation with the Owners of the Bonds and shall be deemed to be and shall constitute a contract among the City, the Commission, the Board of Liquidation and the Owners from time to time of the Bonds. The provisions, covenants and agreements set forth in the Bond Resolution to be performed by or on behalf of the City, the Commission and the Board of Liquidation shall be for the equal benefit, protection and security of the Owners of any and all of such Bonds, each of which, regardless of the time or times of its issue or maturity, shall be of equal rank without preference, priority or distinction over any other thereof except as expressly provided in the Bond Resolution.

### **Defeasance**

If the City through and by the Commission shall pay or cause to be paid to the Owners of all Bonds then outstanding, the principal and interest and redemption premium, if any, to become due thereon, and any amounts which may be then payable by the City with respect to the Bonds to AGM, at the times and in the manner stipulated therein and in the Bond Resolution, then the covenants, agreements and other obligations of the Board of Liquidation and the Commission to the Owners and AGM shall be discharged and satisfied. In such event, the Paying Agent shall, upon the request of the Board of Liquidation, execute and deliver to the Board of Liquidation all of such instruments as may be desirable to evidence such discharge and satisfaction and the Paying Agent shall pay over or deliver to the Board of Liquidation all moneys, securities and funds held by them pursuant to the Bond Resolution which are not required for the payment of Bonds not theretofore surrendered for such payment.

Bonds or interest installments for the payment or redemption of which Defeasance Obligations shall have been set aside and shall be held in trust by the Paying Agent or any escrow agent (through deposit by the Commission or the Board of Liquidation of funds for such payment or redemption or otherwise) at a maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the above paragraph. Any Bond shall, prior to maturity or the redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in the above paragraph if (i) in case such Bond is to be redeemed on any date prior to its maturity, the Board of Liquidation and the Commission shall have given to the Paying Agent in form satisfactory to it irrevocable instructions to give notice of redemption as provided in the Bond Resolution, (ii) there shall have been deposited with the paying or an

escrow agent Defeasance Obligations, in the amounts and having such terms as are necessary to provide moneys (whether as principal or interest) in an amount sufficient to pay when due the principal or applicable redemption price thereof, together with all accrued interest on the Bonds and (iii) the adequacy of the Defeasance Obligations so deposited to pay when due the principal or applicable redemption price and all accrued interest shall have been verified by an independent certified public accountant. Neither Defeasance Obligations deposited pursuant to paragraph nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or redemption price, if applicable, and interest to become due on the Bonds; provided that any cash received for such principal or interest payments on such Defeasance Obligations shall, if permitted by the Internal Revenue Code of 1986, as amended (the “Code”), and to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal or redemption price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be.

As used herein, “Defeasance Obligations” means:

- (a) cash;
- (b) non-callable Governmental Securities; or
- (c) "pre-refunded" bonds or other obligations of any state of the United States of America or any agency, instrumentality or local governmental unit of any such state (i) which are not callable at the option of the obligor prior to maturity or as to which an irrevocable notice of redemption has been given by the obligor to call such bonds or obligations on a date specified in the notice, (ii) which are fully secured as to principal and interest and redemption premium, if any, by an escrow fund consisting only of cash or Government Securities, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable notice of redemption, as appropriate, (iii) which escrow fund is sufficient, as verified by an independent certified public accountant at the time such escrow fund is established, to pay principal of, interest and redemption premium, if any, on the bonds or other obligations described in this clause (c), as appropriate and (iv) which, at the time of the use of such bonds or obligations to defease the Bonds, are rated in the highest rating category of either Standard & Poor's Corporation or Moody's Investors Service, or any successors thereto.

“Government Securities” means direct general obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, which may be United States Treasury Obligations such as the State and Local Government Series and may be in book-entry form. The term "Government Securities" specifically includes the stripped interest payment portion of obligations issued by the Resolution Funding Corporation under the authority of 12 U.S.C. §1441(b).

## Supplemental Resolutions

A resolution supplemental to the Bond Resolution may be adopted by the City acting by and through the Commission for any one or more of the following purposes and at any time from time to time which, upon the filing with the Paying Agent and AGM of a certified copy thereof, but without any consent of Owners, shall be fully effective in accordance with its terms:

(a) to add to the covenants and agreements of the Commission, the City or the Board of Liquidation in the Bond Resolution other covenants and agreements to be observed by the Commission, the City or the Board of Liquidation which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect;

(b) to add to the limitations and restrictions in the Bond Resolution other limitations and restrictions to be observed by the Commission, the City or the Board of Liquidation which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect;

(c) to surrender any right, power or privilege reserved to or conferred upon the Commission, the City or the Board of Liquidation by the terms of the Bond Resolution, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Commission, the City or the Board of Liquidation contained in the Bond Resolution;

(d) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistency provision of the Bond Resolution;

(e) to insert such provisions clarifying matters and questions arising under the Bond Resolution as such are necessary or desirable and are not contrary to or inconsistent with the Bond Resolution as theretofore in effect; or

(f) to make any other amendment or change which does not materially adversely affect the interest of the Owner of any Bond.

In addition to the foregoing, any modification or amendment of the Bond Resolution or of the rights and obligations of the Commission, the City and the Board of Liquidation and of the Owners of the Bonds under the Bond Resolution, in any part, may be made by a supplemental resolution, with the written consent of the Owners of a majority of the Bond Obligation (as defined in the Bond Resolution) at the time such consent is given. No such modification or amendment shall permit a change in (i) the terms of redemption or (ii) maturity of the principal of any outstanding Bond or (iii) of any installment of interest thereon or (iv) a reduction in the principal amount or (v) redemption price thereof or (vi) in the rate of interest thereon or (vii) a reduction in the principal amount or (viii) redemption price thereof or (ix) in the rate of interest thereon without the consent of the Owner of such Bond, or (x) shall reduce the percentages of Bonds the consent of the Owner of which is required to effect any such modification or amendment, or (xi) change the obligation of the City to levy and collect taxes for

the payment of the Bonds as provided in the Bond Resolution, without the consent of the Owners of all of the Bonds then outstanding, or (xii) shall change or modify any of the rights or obligations of either the Paying Agent or the Escrow Agent without its written assent thereto. For the purposes of this paragraph, Bonds shall be deemed to be affected by a modification or amendment of the Bond Resolution if the same adversely affects or diminishes the rights of the Owners of said Bonds, and such determination shall be made without reference to the existence of the Policy.

At all times while it is not in default, AGM shall be deemed to be the sole Owner of not less than 100% in aggregate principal amount of the Bonds at the time outstanding with respect to consenting to any amendment, supplement or change to the Bond Resolution contemplated in the preceding paragraph; EXCEPT with respect to items (i) through (x) which must be consented to by the Owners of the affected Bonds.

A supplemental resolution, upon the filing with the Paying Agent of certified copy thereof, shall become fully effective in accordance with its terms.

### **Events of Default**

If one or more of the following events (“Events of Default”) shall happen, that is to say,

(a) if default shall be made in the due and punctual payment of the principal of any Bond or any Outstanding Parity Bond when and as the same shall become due and payable, whether at maturity or otherwise; or

(b) if default shall be made in the due and punctual payment of any installment of interest on any Bond or any Outstanding Parity Bond when and as such interest installment shall become due and payable; or

(c) if default shall be made by the Commission, the City or the Board of Liquidation in the performance or observance of any other of the covenants, agreements or conditions on its part in the resolution authorizing the Outstanding Parity Bonds (while any Outstanding Parity Bonds remain outstanding), the Bond Resolution, any supplemental resolution or contained in the Bonds or the Outstanding Parity Bonds and such default shall continue for a period of forty-five (45) days after written notice thereof to the Commission by AGM or any Owner; or

(d) If the City shall file a petition or otherwise seek relief under any federal or state bankruptcy law or similar law;

then, upon the happening and continuance of any Event of Default, AGM and the Owners of the Bonds shall be entitled to exercise all rights and powers for which provision is made under Louisiana law; subject, however, to the exclusive right of AGM to direct any action or remedy to be undertaken. The Commission and the Board of Liquidation shall notify AGM immediately

upon the occurrence of any Event of Default. No Event of Default may be waived by the Owners without the consent of AGM. In determining whether an Event of Default has occurred under paragraphs (a) and (b) above, no effect shall be given with respect to any payments by AGM.

## **BOARD OF LIQUIDATION**

The Board of Liquidation was created by the Louisiana Legislature in 1880, and made a “body corporate,” separate and distinct from the City, in 1890. The Board of Liquidation has exclusive control and direction of all matters related to the issuance and repayment of the City's general obligation bonds. Because the Board of Liquidation exists, the repayment of New Orleans' general obligation bonds is separated and excluded from the City's operating budget, and a dedicated source and security for the payment of the City's general obligation bonds is maintained. All *ad valorem* taxes levied by the City for the payment of its general obligation bonds are transferred to the Board of Liquidation. These property tax receipts must be applied exclusively to the payment of debt service on the City's outstanding general obligation bonds and cannot be applied to pay the City's operating expenses or for any other purpose.

The Board of Liquidation is composed of nine members: the Mayor and the two City Council members-at-large, who serve *ex officio*, and six appointed members, referred to as the “syndicate” members. The syndicate members have traditionally been selected from leaders of the business, financial and professional community of New Orleans. All members of the Board of Liquidation serve without pay.

Sections 5-101 and 5-102 of the City's Home Rule Charter of 1954, as amended, read as follows:

*“Section 5-101. Composition.*

*(1) The Board of Liquidation, City Debt, shall be composed of six members and of three ex-officio members, who shall be the Mayor and the two councilmembers-at-large.*

*(2) Effective on January 1, 1996, the terms of the six citizens serving on the Board shall change from terms for life to fixed terms. The members shall conduct a drawing to determine who shall serve for terms of two, four, six, eight, ten, and twelve years. Upon the expiration of a term, a Board member who is domiciled in and an elector of the City shall be appointed by the Mayor with the approval of the Council from a list of three names submitted jointly by a committee consisting of the President of the Board of Liquidation, who shall chair the committee, and the Presidents or Chancellors of Dillard University, Loyola University, Southern University of New Orleans, Tulane University, the University of New Orleans, and Xavier University. Members so appointed shall serve for terms of twelve years. Any vacancy on the Board shall be filled in accordance with the provisions of Section 9-105 of this Charter.”*

*“Section 5-102. Functions.*

*Except as otherwise provided in this Chapter, the Board of Liquidation, City Debt shall continue to exercise and have the powers, duties, and functions which it exercised on the effective date of this Charter. It shall have the power to issue bonds in any manner permitted by state or municipal law and this Charter and to manage its affairs, under this Charter on behalf of the City of New Orleans, in accordance with the provisions of applicable state or municipal law.”*

The incumbent members of the Board of Liquidation, who serve until their successors are appointed, their terms of office, and their principal occupations are:

**Mitchell J. Landrieu**, *ex officio* --

Mayor, City of New Orleans  
(Term: 5/03/2010-6/01/2014)

**Jacquelyn B. Clarkson**, *ex officio* --

Councilmember-at-large, City of New Orleans  
(Term: 5/03/2010-6/01/2014)

**Arnie Fielkow**, *ex officio* --

Councilmember-at-large, City of New Orleans  
(Term: 5/03/2010-6/01/2014)

**Mary K. Zervigon**, *President* --

Attorney. Former Chairman of the Louisiana Tax  
Commission  
(Term: 6/10/92-12/31/2013)

**Richard P. Wolfe**, *Vice President*

Attorney  
(Term: 1/20/05-12/31/2015)

**Alan C. Arnold** --

President, MidSouth Realty Management, Inc.  
(Term: 12/18/2008-12/31/2019)

**W. Raymond Manning** --

Architect, Manning Architects  
(Term: 1/20/2010-12/31/2021)

**Mark M. Moody** --

NASA Stennis Space Center  
(Term: 1/20/2010-12/31/2017)

**Wanda Ackers-Brooks**--

CPA, Finance Dept., Dillard University  
(Term: 12/18/2008-12/31/2011)

## THE CITY

### City Government

The City was founded in 1718, incorporated in 1805, and is the largest populated city in the State. The City's system of government is established in its Home Rule Charter. The Constitution prohibits the Louisiana Legislature from enacting any law affecting the structure, organization or distribution of the power and function of any local political subdivision which operates under a home rule charter. The Charter may be amended only by the affirmative vote of a majority of the qualified voters in the City voting at an election called by the City Council on its own initiative or upon receipt by it of a petition of not less than ten thousand registered voters.

A number of important local governmental functions in the City are performed by entities which, in varying degrees, operate independently of City government. These entities include the Sewerage and Water Board of New Orleans, which is responsible for water, sewer and drainage service for the City, the Orleans Parish School Board, which is responsible for elementary and secondary education in the City, the New Orleans Aviation Board, which operates the Louis Armstrong International Airport, and the Orleans Levee Board, which has primary responsibility for levees, sea walls and breakwaters surrounding the City. These and other similar entities have their own budgets and revenue sources, and are not included in the City's budget. (See Appendix "E"- Debt Statement).

The City has a Mayor-Council plan of government. The Mayor, as the chief executive officer, is elected for a four-year term. The Charter provides that the Mayor may not serve more than two consecutive terms. The Mayor appoints the Chief Administrative Officer, who is his principal assistant and the budget officer for the City. The Chief Administrative Officer appoints all department heads, subject to the Mayor's approval, except the City Attorney, who is appointed by the Mayor, and the Director of the Civil Service Department, who is appointed by the Civil Service Commission. There are numerous executive departments and affiliated boards and commissions.

**Mayor Mitchell J. Landrieu** began his first term as Mayor of New Orleans in May, 2010. Born in 1960, Mayor Landrieu graduated from Jesuit High School, Catholic University, and Loyola College School of Law. Prior to being elected Mayor, Mr. Landrieu served as Lieutenant Governor of the State of Louisiana for six years and a State Legislator for 16 years. He and his wife and five children are native New Orleanians.

**The City Council** is the legislative body of City government, consisting of five members elected from districts and two members elected at-large, all for four-year terms. Members of the City Council may not serve more than two consecutive terms. The City Council has authority to levy taxes, subject to State law, and to adopt the City's annual capital and operating budgets. Ordinances of the City Council may be vetoed by the Mayor. Vetoes may be overridden by a two-thirds vote of the City Council.

### **City Financial Management, Budgeting and Control**

The City's finances are overseen by the First Deputy Mayor and Chief Administrative Officer and the Director of Finance. The First Deputy Mayor and Chief Administrative Officer prepares the annual operating and capital budgets and supervises the execution of budget ordinances. After the budget is adopted by the City Council, the First Deputy Mayor and Chief Administrative Officer provides a schedule of expenditure allotments by which the timing of expenditures and the nature of expenditures within a department are controlled. All changes to allotments, other than amendments that transfer an appropriation from one classification to another, must be approved by the First Deputy Mayor and Chief Administrative Officer. The Charter provides that the Mayor shall direct appropriate revisions in allotments to keep expenditures within the revenues received or anticipated.

The Department of Finance maintains the treasury of the City and is responsible for the collection, recordation, deposit and disbursement of all taxes; licenses and permit fees; the maintenance of the City's equipment inventory; disposition of City property declared surplus; the purchasing of materials, supplies and equipment; preparation of City employee payrolls and pension rolls; preparation, validation and distribution of tax bills and rolls; and recommendation of action on claims against the City. In addition, the Department of Finance maintains documentation of financial transactions of the City and prepares its financial reports.

Brief biographies of the First Deputy Mayor and Chief Administrative Officer and the Director of Finance follow:

**Andy Kopplin** serves as Deputy Mayor and Chief Administrative Officer. In this capacity, he oversees the day-to-day operational functions of City Hall. Kopplin comes from Teach For America, where he most recently served as senior advisor to the Founder & CEO. Prior to Teach For America, Mr. Kopplin served for more than two years as Founding Executive Director of the Louisiana Recovery Authority (LRA), the agency charged with leading the State's recovery efforts after Hurricanes Katrina and Rita, where he developed the strategy and built the bipartisan coalitions that more than doubled congressional appropriations for Louisiana's rebuilding, from \$13 billion to \$28 billion. Before heading the LRA, Kopplin was Chief of Staff to two consecutive Louisiana governors, Democrat Kathleen Babineaux Blanco and Republican M.J. "Mike" Foster, Jr. He joined Foster's staff in 1996 as Policy Director, and in that role led

the pioneering effort to create the state’s community college system by building a coalition of Republicans, Democrats, business, labor, educators, and students. Mr. Kopplin holds a bachelor’s degree from Rice University; a master’s in Public Policy from Harvard University’s Kennedy School of Government, and is a 1986 Harry S. Truman Scholarship winner.

**Norman Foster** is Director of Finance and CFO for the City of New Orleans, where he oversees all financial, accounting, sales and property tax collection, and procurement activities. Prior to joining the city in May 2010, Mr Foster was the interim CFO at the Minnesota Department of Transportation and held a series of budgeting and financial positions at the Minnesota Departments of Finance and Transportation from 1995 to 2010. Mr. Foster has a Bachelor's degree in Engineering, Economics and Management from the University of Oxford in the U.K., and a Master's degree in Public Policy from the Kennedy School of Government at Harvard University.

## **Budgets**

### ***The Capital Budget and Program***

Pursuant to the Charter, in accordance with a schedule prescribed by the Chief Administrative Officer, each office, department and board presents to the City Planning Commission a list of proposed capital improvements to be made in conjunction with its work over the next five years. The City Planning Commission then prepares and submits to the Mayor a five-year capital improvement program.

The Mayor annually recommends to the City Council, on or before November 1, a capital program for the next five years and a capital budget for the first year of the program. The City Council is obligated to approve a capital program and adopt a capital budget before it adopts the annual operating budget. The City Council may not amend the capital program as submitted to it until it has requested and received through the Mayor the recommendations of the City Planning Commission with respect thereto. The capital program and budget must show the amount and sources of money for each separate project. The amounts budgeted constitute appropriations from the funds indicated when they become available. Expenditures for capital projects are made through the Capital Projects Fund.

The City’s five-year Capital Improvement Program anticipates bond issues of the following amounts in the years indicated; however, the City is not held to this schedule and may adjust the timing and amounts of proposed bond issues as necessary or desired:

<u>Year</u>	<u>Proposed Bonds</u>
2011	\$0
2012	40,000,000
2013	50,000,000
2014	55,000,000
2015	0

The City issued \$75,000,000 of general obligation bonds in 2007 and \$40,000,000 of general obligation bonds in 2010, being the first and second emissions of the total \$260,000,000 authorized to be issued in an election held on November 2, 2004. The general obligation bonds issued in 2010 were designated as Direct Pay Build America Bonds, and the Issuer has by resolution dictated that any subsidy payments be made directly to the respective paying agent to be used to pay principal and interest on such bonds.

## *The Operating Budget*

The Charter requires the annual preparation and adoption of a balanced operating budget for the City. Not later than August 1 of each year, the First Deputy Mayor and Chief Administrative Officer is required to make available sufficient data relating to the current and preceding year's appropriations and expenditures for the City Council and for each office, department or board or other entity that (i) is receiving or seeks to receive an appropriation from the City Council payable from any operating fund of the City or (ii) which expends City funds. Any entity which seeks an appropriation from any operating fund of the City shall submit detailed data, in a format which adheres to generally accepted accounting principles, to the First Deputy Mayor and Chief Administrative Officer in accordance with a schedule prescribed by the First Deputy Mayor and Chief Administrative Officer for compilation and recommendations for review by the Mayor prior to the Mayor's submission of the proposed budget to the City Council.

The First Deputy Mayor and Chief Administrative Officer, after consulting with the City Council and the heads of offices, departments and boards, is required by the Charter to prepare a preliminary budget for the consideration of the Mayor. The preliminary budget must include all budget requests, and the recommendations of the First Deputy Mayor and Chief Administrative Officer with respect to each request, an estimate of the receipts from each source of revenue and a statement of the total estimated income and total recommended expenditures for each operating fund.

The City's Charter further provides that the City Council may amend the budget during the year by means of ordinances. In 2011, and in prior years, these amendments have primarily affected appropriations for grants which are adjusted as grant awards are confirmed. Adjustments to the budget are made from time to time to prevent deficits occurring in certain expenditure accounts and to recognize differences in anticipated revenues.

A summary of the total City budget for the year ending December 31, 2011 follows:

<b>Revenues</b>	<b>Amount</b>	<b>% of Total</b>
Taxes	\$ 275,502,954	56.41%
Intergovernmental	9,273,442	1.90%
Licenses & Permits	63,433,534	12.99%
Service Charges	69,548,965	14.24%
Miscellaneous	11,274,701	2.31%
Other Financing Sources	22,807,199	4.67%
Fines and Forfeitures	<u>36,529,870</u>	<u>7.48%</u>
<b>Total Revenues</b>	<b><u>\$ 488,370,665</u></b>	<b>100.00%</b>
<b>Expenditures</b>	<b>Amount</b>	<b>% of Total</b>
Personal Services	\$ 274,359,343	56.18%
Other Operating	173,836,063	35.60%
Debt Service	40,175,259	8.23%
Grants, Fund Transfers	--	-- %
<b>Total Expenditures</b>	<b><u>\$ 488,370,655</u></b>	<b>100.00%</b>

Source: Chief Administrative Office, City of New Orleans.

## **Revenues and Expenditures**

There follows a five-year history of the revenues, expenditures and other financing sources and expenditures and other financing uses and changes in fund balance of the City's various funds. The City is currently preparing its Comprehensive Annual Financial Report for the fiscal year ending December 31, 2010; however, it is not available as of the date of this Official Statement. Upon completion, it will be available in its entirety at no cost on the Bureau of Accounting's page of the City's website (<http://www.nola.gov/en/BUSINESSES/Bureau-of-Accounting/>).

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**CITY OF NEW ORLEANS, LOUISIANA**  
**SUMMARY STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**

(All Dollars in Thousands)

<b><u>GENERAL FUND</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
<b>REVENUES</b>					
Taxes	221,044	213,196	231,529	239,207	244,864
Licenses and permits	53,129	55,590	55,490	60,335	54,136
Intergovernmental	21,253	16,370	27,584	20,126	19,379
Charges for services	34,150	31,766	35,080	44,105	48,189
Fines and forfeits	11,131	7,159	11,766	16,300	24,796
Interest income	7,981	12,933	13,949	9,488	2,072
Miscellaneous	11,340	6,757	13,400	10,733	16,276
Contributions, Gifts & Donations	<u>2,711</u>	<u>380</u>	<u>558</u>	<u>851</u>	<u>1,185</u>
Total revenues	362,739	344,151	389,356	401,145	410,897
<b>EXPENDITURES</b>					
Current:					
General government	164,762	150,369	143,704	144,397	175,310
Public safety	160,251	76,598	154,205	158,456	161,623
Public works	47,907	28,423	61,610	71,427	74,262
Health and human services	10,174	8,180	10,714	13,510	14,391
Culture and recreation	17,788	7,687	12,128	17,385	19,787
Urban development and housing	--	--	2	--	2,012
Capital Outlay	--	--	--	9,618	4,620
Debt service:					
Principal retirement	18,465	19,970	23,860	25,318	26,738
Interest and fiscal charges	18,776	18,339	19,692	22,362	22,039
Total expenditures	438,123	309,566	425,915	462,473	500,782
Excess (deficiency) of revenues over expenditures	<u>(75,384)</u>	<u>34,585</u>	<u>(36,559)</u>	<u>(61,328)</u>	<u>(89,885)</u>
Other financing sources (uses):					
Operating transfers in	27,375	12,700	12,700	13,938	24,648
Operating transfers out	(1,692)	(3,116)	(1,351)	(1,387)	(2,198)
Transfers in from component unit	--	--	--	--	--
Debt service assistance loan	--	--	21,345	12,345	8,458
Proceeds from bond issuance	63,446	10,120	--	--	7,000
Other, net	--	(768)	(769)	(173)	334
Total other financing sources (uses)	<u>89,129</u>	<u>18,936</u>	<u>31,925</u>	<u>24,723</u>	<u>38,242</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>13,745</u>	<u>53,521</u>	<u>(4,634)</u>	<u>(36,605)</u>	<u>(51,643)</u>
Fund Balance					
Beginning of year	32,562	46,307	99,828	97,620	59,579
End of Year	46,307	99,828	95,194	61,015	7,936

Source: City of New Orleans Annual Financial Reports.

**CITY OF NEW ORLEANS, LOUISIANA**  
**SUMMARY STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**

(All Dollars in Thousands)

<b><u>SPECIAL REVENUE FUND</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
<b>REVENUES</b>					
Taxes	7,491	4,048	4,913	5,984	4,394
Licenses and permits	--	--	--	--	--
Intergovernmental	183,289	69,309	105,900	115,142	113,203
Program Income	348	927	66	68	1,182
Fines and forfeits	4,426	1,171	559	932	1,823
Interest income	496	698	665	198	1,422
Miscellaneous	12,587	13,140	30,763	18,126	17,830
Contributions, Gifts & Donations	<u>2,163</u>	<u>1,966</u>	<u>2,606</u>	<u>2,261</u>	<u>2,064</u>
Total revenues	210,800	91,259	145,472	142,711	141,918
<b>EXPENDITURES</b>					
Current:					
General government	54,691	33,126	41,856	59,551	56,044
Public safety	83,688	92,543	53,195	41,913	48,577
Public works	13,658	2,858	16,939	4,319	3,589
Health and human services	12,194	5,057	7,130	6,448	6,291
Culture and recreation	1,748	1,017	1,297	1,825	3,997
Urban development and housing	28,330	8,186	22,527	49,507	45,532
Economic development assistance	13,731	6,891	9,673	17,102	24,321
Debt Service:					
Principal	613	646	681	726	762
Interest and fiscal charges	970	944	914	879	843
Capital Outlay	--	--	--	--	<u>1,951</u>
Total expenditures	<u>209,623</u>	<u>151,268</u>	<u>154,212</u>	<u>182,270</u>	<u>191,907</u>
Excess (deficiency) of revenues over expenditures	<u>1,177</u>	<u>(60,009)</u>	<u>(8,740)</u>	<u>(39,559)</u>	<u>(49,989)</u>
Other financing sources (uses):					
Operating transfers in	798	3,116	1,350	1,387	2,196
Operating transfers out	(26,481)	(12,700)	(17,454)	(13,938)	(22,392)
Proceeds from Bond issuance	--	76,214	32,748	34,373	35,269
Total other financing sources (uses)	<u>(25,683)</u>	<u>66,630</u>	<u>16,644</u>	<u>21,822</u>	<u>15,073</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(24,506)</u>	<u>6,621</u>	<u>7,904</u>	<u>(17,737)</u>	<u>(34,916)</u>
Fund Balance					
Beginning of year	55,328	30,822	36,509	46,144	20,291
Residual equity transfers					
End of year	30,822	37,443	44,413	28,407	(14,625)

\* Restated.

Source: City of New Orleans Annual Financial Reports.

**CITY OF NEW ORLEANS, LOUISIANA**  
**SUMMARY STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**

(All Dollars in Thousands)

<b><u>DEBT SERVICE FUND</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
<b>REVENUES</b>					
Taxes	55,642	57,819	62,178	50,451	55,982
Interest income	1,829	2,300	4,415	3,083	1,412
Miscellaneous	--	--	--	--	400
Total revenues	57,471	60,119	66,593	53,534	57,794
<b>EXPENDITURES</b>					
Current:					
General government	2,103	694	465	430	484
Debt Service:					
Principal retirement	18,834	16,713	16,410	16,124	17,572
Interest and fiscal charges	37,185	39,028	39,320	43,350	43,613
Bond issuance costs	--	--	923	--	--
Total expenditures	58,122	56,435	57,118	59,904	61,669
Excess (deficiency) of revenues over expenditures	(651)	3,684	9,475	(6,370)	(3,875)
<b>Other financing sources (uses)</b>					
Operating transfers in	--	--	--	--	--
Proceeds from refunding bonds	105,279	--	--	--	--
Proceeds from bond issuance	49,300	25,413	75,147	--	--
Payment to escrow account	(118,090)	--	--	--	--
Premium on bonds	12,901	--	--	--	--
Other bond issuance costs, net	--	--	--	--	--
Operating transfers out	(49,306)	--	(75,151)	--	--
Debt service assistance loan	--	--	2,204	--	--
Other, net	--	--	--	--	--
Total other financing sources (uses)	84	25,413	2,200	--	--
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(567)	29,097	11,675	(6,370)	(3,875)
<b>Fund Balance</b>					
Beginning of year	33,062	32,495	61,592	73,267	67,871
End of year	32,495	61,592	73,267	66,897	63,996

Source: City of New Orleans Annual Financial Reports.

**CITY OF NEW ORLEANS, LOUISIANA**  
**SUMMARY STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**

(All Dollars in Thousands)

<b><u>CAPITAL PROJECTS FUND</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>
REVENUES					
Intergovernmental	11,378	5,120	43,421	26,661	104,888
Interest income	138	1,151	551	--	--
Miscellaneous	318	3,870	4,066	222	295
Total revenues	11,834	10,141	48,038	26,883	105,183
EXPENDITURES					
General Government	--	--	1,978	6,170	--
Capital projects	--	28,544	57,154	119,375	145,307
Public Safety	--	--	2,023	61	163
Public Works	122	--	848	88	--
Health and human services	--	--	--	15	--
Culture and recreation	--	--	--	868	--
Economic development and assistance	45,141	--	--	--	--
Total expenditures	45,263	28,544	62,003	126,577	145,470
Excess (deficiency) of revenues over expenditures	<u>(33,429)</u>	<u>(18,403)</u>	<u>(13,965)</u>	<u>(99,694)</u>	<u>(40,287)</u>
Other financing sources (uses)					
Operating transfers in	49,306	--	79,906	--	--
Proceeds from bond issuance	--	--	--	--	--
Operating transfers out	--	--	--	--	(2,254)
Insurance proceeds	10,565	13,404	4,925	5,866	--
Total other financing sources (uses)	59,871	13,404	84,831	5,866	(2,254)
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>26,442</u>	<u>(4,999)</u>	<u>70,866</u>	<u>(93,828)</u>	<u>(42,541)</u>
Fund Balance					
Beginning of year	145,837	172,279	172,938	237,275	156,460
Residual equity transfers	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
End of year	172,279	167,280	243,804	143,447	113,919

Source: City of New Orleans Annual Financial Reports.

### **Financial Controls**

Internal accounting controls have been developed by the City to provide reasonable, but not absolute, assurance that assets are properly safeguarded against loss from unauthorized use or disposition and the financial records used in the preparation of financial statements and accountability of assets are reliable.

The Charter requires that the City Council execute an agreement with a certified public accountant or firm of certified public accountants for the purpose of securing an audit of the accounts of the City and may execute such an agreement for the purpose of securing an audit

of the accounts of any office or public body that receives or expends City funds, including non-municipal offices and public bodies. As soon as practicable, and in no event later than six months after the close of the fiscal year, the accountant or accountants shall submit to the City Council a report upon the transactions of the year just completed.

The Department of Finance annually prepares the City's Comprehensive Annual Financial Report in conformance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board.

## **Employee Relations**

Under State law, the City and its employees, may enter into collective bargaining agreements, subject to the rules and regulations of the New Orleans Civil Service Commission. State and local laws do not expressly prohibit strikes by City employees although Civil Service Commission rules permit discipline and discharge of classified employees who fail to discharge their duties in a satisfactory manner.

The compensation of classified City employees is set by a comprehensive pay plan prepared by the Civil Service Commission and submitted for approval or rejection to the City Council. The Civil Service Commission is composed of five members appointed by the City Council and must be selected from nominees submitted by the presidents of several local universities and are prohibited from engaging in political activities. Once a pay plan has been adopted, the City Administration implements that plan through its adoption of a pay policy. The pay plan and the pay policy combined determines the actual compensation of City employees. The compensation of unclassified employees is set by a pay plan and pay policy recommended by the Mayor and adopted by ordinance of the City Council.

Certain employees of the Police Department, Fire Department and Department of Parks and Parkways belong to employee organizations which have agreements with the City.

## **Retirement Systems**

The City has four separate pension systems: (1) Fire Fighter's Pension and Relief Fund--Old System ("Old Fire System"); (2) Fire Fighter's Pension and Relief Fund--New System ("New Fire System"); (3) Police Pension Fund--Old System ("Old Police System"); and (4) the Employees' Retirement System of the City of New Orleans ("Employees' System"). In addition, the State administers the Municipal Police Employees' Retirement System (redesignated as the Municipal and State Police Retirement System of Louisiana, effective January 1, 1987, "MPERS") and the Fire Fighter's Retirement System ("FRS"). The Old Fire System covers firemen who were employed prior to December 31, 1967. The New Fire System covers firemen hired since that date. Currently, there are no old firefighters who are members of FRS, however, Act 715 of 1991 of the Regular Session of the Louisiana Legislature permits firemen employed by the City to become members of FRS after July 1, 1992, and in accordance with certain other conditions. Effective March 6, 1983, all members of the Old Police System, active and retired, except for approximately 250 participants who did not meet the eligibility requirements, became members of MPERS. The Old Police System remains responsible for the payment of certain benefits due to differences in length of service and age requirements for the participants who were not transferred to MPERS. The Employees' System covers all City employees other than firemen and policemen. All systems are funded on an actuarial basis except the Old Police System and the Old Fire System which are funded on a pay-as-you-go basis.

## SOURCE OF REVENUE

The following information with respect to certain property tax and related matters is included in this Official Statement to provide background information relating to the Tax Revenues securing the payment of the Bonds.

### Assessment Procedure

All taxable property in the State is required by law to be assessed annually at a percentage of its fair market value or use value by assessors elected for four year terms, except that public service property is assessed directly by the Louisiana Tax Commission (the “Tax Commission”). Property tax assessments are required to be equal and uniform throughout the State.

The Constitution provides that the classifications of property subject to *ad valorem* taxation and the percentage of fair market value applicable to each classification for the purpose of determining assessed valuation are as follows:

	<u>Classifications</u>	<u>Percentages</u>
1.	Land	10%
2.	Improvements for residential purposes	10%
3.	Electric cooperative properties, excluding land	15%
4.	Public service properties, excluding land	25%
5.	Other Property	15%

The Constitution also provides that agricultural, horticultural, marsh lands, timber lands and certain historic buildings are to be assessed at 10% of “use” value. Fair market values are determined by the assessors, subject to review and final certification by the Tax Commission.

Under the Constitution, the assessor is required to determine the fair market value of all property subject to taxation within the City, except public service properties that are valued by the Tax Commission. The Tax Commission is required by statute to measure annually the level of appraisals or assessments and the degree of uniformity of assessments for each major class and type of property in each parish throughout the State and to hold a public hearing to hear any complaints. If the appraisal or assessment level of a parish deviates by more than 10% from the percentage of fair market or use valuation, the Tax Commission is to order the assessor, within a period of one year, to reappraise all property within the parish or district or within one or more property classifications, certify the assessment lists for the year in which the order is issued, and in the following year again measure the level of appraisals or assessments for each major class and type of property in the parish. If the appraisal or assessment levels of a parish deviate again by more than 10% from the required percentage of fair market or use value, the Tax Commission may not certify the assessment rolls.

Real property subject to taxation is required to be reappraised and valued at intervals of not more than four years and personal property subject to taxation is required to be reappraised and valued on an annual basis. The revised “Real/Personal Property Rules and Regulations” of the Tax Commission provide that the assessors may use the cost, income and market approaches in making appraisals of residential, commercial and industrial land and improvements. An assessor may reappraise real property based on property transfers more often than every four years if the trends established by the transfers indicate that property value fluctuations are creating inequities within the assessing district by property classifications, however, the reappraisal shall not be applied on a parcel by parcel basis, but rather to all parcels in a particular geographical area. Improvements are added to the tax rolls on the August 1 following the year the improvements are completed. A general reappraisal of property was made by the assessors for the 2008 tax roll, at which time the assessed valuations had a significant increase over prior years. A reappraisal is being made for the 2012 tax roll; however, there can be no guaranty at this time that the assessed valuation of the City will again increase. For additional information, see Appendix “B” herein.

Prior to January 1, 2011, there were seven assessors in the Parish, each representing a separate district; however, on that date the Parish switched to the single assessor system utilized in the other parishes in the State. The current Orleans Parish Assessor is Erroll G. Williams.

By law, assessment lists shall be open for public inspection from August 1 through August 15 of each year in the Parish, and the Orleans Parish Assessor must finish the preparation and listing on the assessment lists of all real and personal property and certify his roll to the Board of Review. The Board of Review is required to certify the roll to the Tax Commission on or before October 20 of each year. The roll is then filed with the tax collector (City’s Director of Finance). The City Council, as the governing authority of the City, annually adopts by December 1 an ordinance levying the *ad valorem* taxes (other than the *ad valorem* taxes levied by the Orleans Law Enforcement District, Orleans Parish School Board and the Orleans Levee District) on taxable real and personal property for the following calendar year. Taxes on real property are payable on January 1 and are delinquent February 1. Taxes on personal property are payable on May 1 and are delinquent on June 1.

The Tax Commission may change or correct any and all assessments of property for the purposes of taxation during the year. Such changes may be made at any time before the taxes levied have actually been paid.

Taxpayers may pay their *ad valorem* taxes under protest by paying the full amount due and giving notice at the time of payment of their intention to file suit. The amount paid under protest is held in escrow (a) for 30 days pending initiation of a suit after which period such amount is surrendered and considered paid in full or (b) if a suit is timely filed, until final judicial determination.

## **Constitutional Amendments**

At an election held on September 30, 2006, the voters of the State approved an amendment to the Constitution generally providing that owners of homes damaged in a disaster are permitted to retain their homestead exemption if they are unable to reoccupy the destroyed or uninhabitable home, if they file an annual affidavit with the assessor stating their intention to reoccupy the home by December 31 of the fifth year after the initial affidavit filed in the calendar year after the disaster. Homeowners entitled to the special assessment level, hereinafter described, are permitted to retain the pre-disaster assessment on their repaired or rebuilt homestead, provided they reoccupy the home by December 31 of the fifth year after the initial affidavit to retain the special assessment. The special assessment level is the artificial freeze in assessed value for owners over age 65 with an income of under approximately \$58,000.

At various other elections, the voters of the State have approved amendments to the Constitution that affect the assessed value of the Issuer and the levy and collection of ad valorem taxes in the territory of the Issuer. These amendments include a property tax assessment freeze for military and disabled persons, a property tax exemption for leased medical equipment, a municipal property tax exemption for motor vehicles, a property tax exemption for consigned art and an increase in the homestead exemption (from \$7,500 to \$15,000 of assessed valuation) for 100% disabled veterans, if approved by majority vote in the Parish.

## **Homestead Exemptions**

Under the Constitution, \$7,500 of the assessed value of property applicable to owner-occupied residences is exempt from property tax in the Parish (except for certain millage levied for police and fire protection). In all other parishes in the State, taxes for municipal purposes are applied to the total assessed valuation of the property being taxed.

Approximately 11.9% of the total assessed valuation of the Issuer for 2011 represents homestead exempt property. The Tax is subject to homestead exemption.

## **Tax Rate Adjustment**

The Constitution, and other statutory authority supplemental thereto, provide that the total amount of *ad valorem* taxes collected (*except for general obligation bond millage*) by any taxing authority in a reassessment year (which occurs at least every four years), shall not be more or less than the total amount collected in the preceding year, solely because of reassessment, and millage rates must be increased or decreased to achieve this result. In case the millage rate is reduced, Louisiana Revised Statutes 47:1705 provides a procedure by which such millage may be readjusted upward to the prior authorized millage rate.

## **Penalty for Nonpayment of Taxes**

Effective January 1, 2009, and thereafter, *ad valorem* taxes assessed are due in that calendar year as soon as the tax roll is delivered to the tax collector, and shall be paid on or before December 31 in each respective year. (See Act 819 of the 2008 Regular Session of the Louisiana Legislature and La. R.S. 47:2127.)

A delinquent tax incurs a penalty of ten percent of the amount of the tax on the day such tax become delinquent (normally February 1st). A delinquent tax accrues interest at a rate of one percent for each month or portion of a month the tax remains unpaid in accordance with

Title 47, Section 2127(B) of the Louisiana Revised Statutes of 1950, as amended. Each April 1<sup>st</sup>, all current year's delinquent *ad valorem* taxes incur an additional penalty of 9½% of the total tax, statutory interest and 10% delinquent penalty to defray costs of collection by an outside collection agent. That additional 9½% represents payment to a private collection enterprise now contracted by the City.

### **Property Tax Collections**

The property taxes for the calendar year 2011 are currently being collected by the City Finance Department. Section 47:1997.1 of the Louisiana Revised Statutes of 1950, as amended, provides that in Orleans Parish, each tax recipient body that receives a portion of *ad valorem* taxes must reimburse the City's Finance Director for the cost of collection, not to exceed two percent (2%). The cost of collection is deducted from each tax recipient governing bodies' proportionate share of the taxes with the proceeds received from the collection charge to be deposited in the City's General Fund. In addition, the Assessor receives two percent 2% of the amount of taxes levied pursuant to La. R. S. 47:1925.8, which provides that the Orleans Parish Assessor's Office shall be funded annually no later than March 1 by the City with no less than two percent of the *ad valorem* taxes levied on property in the City and the Parish. The total amount of revenue received by the Assessor's Office shall never be less than that received by said Board in the initial year.

See Appendix "A" for more information regarding the assessed value of property in the City and the *ad valorem* tax collection record of the City.

## **DEBT STATEMENT**

### **Short Term Debt**

The City has no outstanding short term indebtedness other than normal accounts payable or as otherwise stated in this Official Statement, according to the City's Director of Finance. The Commission has no outstanding short term indebtedness other than normal accounts payable or as otherwise stated in this Official Statement, according to the Commission's Chief Financial Officer.

### **Long Term Debt**

The details of the long term debt of the City and the Commission are presented in the Debt Statement included as Appendix "E" and under the caption "Trend of Indebtedness" below.

### **Limited Tax Bonds of the City and its Agencies**

The City is authorized to issue limited tax bonds for the Audubon Commission payable solely from the proceeds of special *ad valorem* taxes pursuant to the provisions of Act 434 of 1970, Act 55 of 1979, Act 309 of 1986 and constitutional and statutory authority supplemental thereto. The maximum principal and interest payable in any year on Audubon

Commission limited tax bonds at any time outstanding may not exceed seventy-five percent (75%) of the revenues of the respective tax dedicated therefor in the calendar year next preceding the date of the adoption by the Audubon Commission of the resolution authorizing the issuance of said bonds. As of July 2, 2011, the Audubon Commission had \$1,910,000 aggregate principal amount of its limited tax bonds outstanding for the purpose of improving the Audubon Park Zoo, payable solely from the proceeds of the equivalent of a four-tenths (.40) mills *ad valorem* tax (0.32 mills adjusted due to reassessment), and had \$7,705,000 in bonds (EXCLUDING the Defeased Bonds and the Refunded Bonds) secured by the Tax. ***(Note: The millage levied for debt service on the City's limited tax bonds for the Audubon Park Zoo does not serve as security for the Bonds.)***

The City is authorized to issue limited tax bonds for the Downtown Development District (which includes the area within the boundaries of the Mississippi River, the upper line of the Mississippi River Bridge and Pontchartrain Expressway, the lake side right-of-way line of Claiborne Avenue, and the lower right-of-way line of Iberville Street) payable solely from the proceeds of a special *ad valorem* tax. The total principal amount of any of these bonds at any time outstanding may not exceed \$50,000,000, and the maximum amount of bonds authorized by the voters is \$10,000,000.

On July 2, 2011, the City had outstanding \$5,685,000 of limited tax bonds for the Downtown Development District, maturing December 1, 2011 to December 1, 2015, inclusive, and December 1, 2019, 2022, and 2026, inclusive, secured by and payable from an irrevocable pledge and dedication of the funds to be derived from the levy and collection of a special *ad valorem* tax not exceeding Twenty-Two and Ninety-Seven Hundredths (22.97) mills (subject to adjustment from time to time due to reassessment) upon all the taxable real property located in The Downtown Development District of the City of New Orleans, authorized in elections held on December 8, 1979, and April 7, 2001. Said tax is currently being levied at a rate of 14.76 mills.

Pursuant to Acts 1130 and 1131 of the 2003 Regular Session of the Louisiana Legislature, the City is authorized to issue limited tax bonds for the Drainage System of the City administered by the Sewerage and Water Board, payable solely from separate *ad valorem* taxes not to exceed 6.40 mills, 6.48 mills, and 9.71 mills, respectively. As of July 2, 2011, the City had \$20,290,000 aggregate principal amount of its limited tax bonds outstanding for the Drainage System and is levying an *ad valorem* tax of 6.78 mills for the payment thereof.

As of July 2, 2011, the City had outstanding \$23,360,000 of limited tax bonds, dated July 6, 2005, and maturing March 1, 2010 to March 1, 2019, inclusive, and March 1, 2021, inclusive, secured by the net proceeds of a 2.50 mills *ad valorem* tax authorized in an election held on July 15, 1995, to finance repairs, renovations and improvements to parks, playgrounds and recreation facilities and for the acquisition of fire fighting, sanitation, and mosquito control equipment.

### **General Obligation Bonds of the City**

The total principal amount of general obligation bonds of the City that may be at any time outstanding is limited in Part XIV, Chapter 4, Subtitle II, Title 39 of the Louisiana Revised Statutes of 1950, as amended, to the sum of \$500,000,000, or 35% of the total assessed valuation of the City, whichever is greater. The limited tax bonds, revenue bonds and the paving

certificates of the City are not included in or subject to this limitation and refunded general obligation bonds are not considered outstanding for this purpose. As of July 2, 2011, the City had \$567,728,991 aggregate principal amount of its general obligation bonds outstanding. In calculating the amount of general obligation bonds outstanding, there is deducted the amount on deposit in debt service and reserve funds dedicated to the payment of general obligation bonds. The issuance of general obligation bonds subject to this limitation must be approved by the City's voters at an election.

### **Overlapping Bonded Debt of Other Entities Secured by Ad Valorem Taxation**

As of July 2, 2011, the Law Enforcement District of the Parish of Orleans, State of Louisiana had a total of \$37,875,000 of general obligation bonds outstanding which are secured by and payable from unlimited *ad valorem* taxation.

As of July 2, 2011, the Parishwide School District of the Parish of Orleans, State of Louisiana had a total of \$97,005,000 of general obligation bonds for public school purposes outstanding which are secured by and payable from unlimited *ad valorem* taxation and the Orleans Parish School Board had a total of \$26,612,644 of revenue bonds outstanding which are payable from (i) a constitutional millage of 20.11 mills and (ii) the net revenues from a one-half of one percent (½%) sales and use tax authorized in an election held on November 4, 1980.

### **Hurricane-Related Borrowing**

As part of the recovery efforts following Hurricanes Katrina and Rita (See “RECENT EVENTS AND RISK FACTORS-Hurricanes Katrina and Rita” herein), the City and its component entities and independent boards received special authorization to borrow funds from various sources for various purposes. The State issued \$200,000,000 of General Obligation Gulf Tax Credit Bonds, Series 2006-A and \$200,000,000 of General Obligation Match Bonds, Series 2006-B (the “State Bonds”) and loaned the proceeds to various entities to assist in the payment of debt service coming due on the respective obligations of each entity. In addition, the Federal Government acting through the Federal Emergency Management Agency (“FEMA”) pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (the “Stafford Act”), as amended, loaned the City and its component entities funds for current operations related to essential services, evidenced by one or more notes of such entities.

The following table lists the various borrowings by the City and its component entities and independent boards relating to the State Bonds, including the original principal amount of the borrowing, final maturity date(s) and security therefore:

<u>Borrower</u>	<u>Principal Amount</u>	<u>Final Maturity Date</u>	<u>Security</u>
City of New Orleans	\$ 52,268,594	7/15/2026	All available revenues of the City after payment of all outstanding debt
Board of Liquidation	27,623,209	7/15/2026	All available revenues of the Board of Liquidation after payment of all outstanding debt

Sewerage and Water Board	77,465,247	7/15/2026	All available revenues of the Sewerage and Water Board after payment of all outstanding debt
Audubon Commission	4,907,500	7/15/2026	All available revenues of the Audubon Commission after payment of all outstanding debt
Audubon Commission	11,851,066	7/15/2026	All available revenues of the Audubon Commission after payment of all outstanding debt
New Orleans Aviation Board	35,371,990	7/15/2026	All available revenues of the Aviation Board after payment of all outstanding debt
Downtown Development District	1,600,153	7/15/2026	All available revenues of the Downtown Development District after payment of all outstanding debt

The following table lists the various borrowings by the City and its component entities and independent boards relating to the Stafford Act, including the original principal amount of the borrowing, original maturity date(s) and security therefore:

<u>Borrower</u>	<u>Principal Amount</u>	<u>Original Maturity Date</u>	<u>Security</u>
City of New Orleans	\$120,000,000	11/14/2010	All available revenues of the City after payment of debt heretofore issued
City of New Orleans	120,000,000	8/22/2011	All available revenues of the City after payment of debt heretofore issued
Sewerage and Water Board	22,298,689	1/23/2011	All available revenues of the Sewerage and Water Board after payment of debt heretofore issued
Sewerage and Water Board	6,013,905	6/21/2011	All available revenues of the Sewerage and Water Board after payment of debt heretofore issued
Sewerage and Water Board	33,644,153	8/27/2011	All available revenues of the Sewerage and Water Board after payment of debt heretofore issued
New Orleans Aviation Bd.	8,112,103	6/13/2011	All available revenues of the Aviation Board after payment of debt heretofore issued
New Orleans Aviation Bd.	2,187,816	8/22/2011	All available revenues of the Aviation Board after payment of debt heretofore issued
New Orleans Aviation Bd.	582,722	10/02/2011	All available revenues of the Aviation Board after payment of debt heretofore issued
Orleans Parish Comm. District	799,416	1/17/2011	All available revenues of the Communications District after payment of debt heretofore issued
Orleans Parish Comm. District	471,154	8/27/2011	All available revenues of the Communications District after payment of debt heretofore issued

Pursuant to Section 4502 of the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act of 2007, FEMA may forgive Stafford Act loans relating to Hurricane Katrina under certain circumstances. FEMA has, to date, forgiven the Stafford Act loans made to the City and the New Orleans Aviation Board and has forgiven \$36,790,000 of such loans made to the Sewerage and Water Board. The Sewerage and Water Board plans to submit an appeal to FEMA for the cancellation of the balance of its loans. FEMA has extended the maturity date of the Orleans Parish Communication District loans to January 17, 2016 and August 27, 2016, respectively.

### **Trend of Indebtedness**

The following table sets forth a ten year trend in the amounts of general obligation bonds, limited tax bonds, and certificates of indebtedness of the City outstanding as of the end of each of the following calendar years:

<b>Year</b>	<b>General Obligation Bonds</b>	<b>Limited Tax Bonds</b>	<b>Certificates of Indebtedness</b>	<b>Total</b>
2001	\$464,495,829	\$77,338,572	\$272,635,000	\$814,646,436
2002	473,385,829	92,308,572	254,695,000	820,389,401
2003	470,687,183	86,283,572	296,890,000	853,860,755
2004	499,852,183	81,288,572	295,005,000	876,145,755
2005	493,683,176	107,108,572	290,485,000	891,276,748
2006	478,419,936	102,183,572	280,505,000	861,108,508
2007	538,514,462	94,383,572	249,934,000	882,832,034
2008	523,955,533	91,693,572	224,850,000	840,499,105
2009	548,018,709	86,093,572	201,715,000	835,827,281
2010	529,218,992	80,258,572	177,035,000	786,512,564

Source: Board of Liquidation, City Debt.

## **TAX MATTERS**

### **Treasury Circular 230 Disclosure**

To ensure compliance with Treasury Circular 230, taxpayers are hereby notified that: (a) any discussion of U.S. federal tax issues in this Official Statement is not intended or written by us to be relied upon, and cannot be relied upon, by taxpayers for the purpose of avoiding penalties that may be imposed on taxpayers pursuant to the Code; (b) such discussion is written in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) taxpayers should seek advice based on their particular circumstances with an independent tax advisor. Prospective investors should note that no rulings have been or will be sought from the Internal Revenue Service (the "Service") with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions.

### **Interest on Bonds**

The delivery of the 2011A-1 Bonds is subject to the opinion of The Godfrey Firm, PLC, Foley & Judell, L.L.P., and The Cantrell Law Firm, Co-Bond Counsel, New Orleans, Louisiana (collectively, "Co-Bond Counsel"), to the effect that interest on the 2011A-1 Bonds is excluded from gross income for federal income tax purposes under existing law. (See Appendix "H").

Interest on the 2011A-2 Bonds is not excluded from gross income for federal income tax purposes. Any opinion to such effect by Co-Bond Counsel is not intended or provided to be used and cannot be used by an owner of the 2011A-2 Bonds for the purpose of avoiding penalties that may be imposed on the owner of the 2011A-2 Bonds.

### **Louisiana Taxes**

The opinion of Co-Bond Counsel will state that under the Act, the Bonds are exempt from taxation in the State. Each prospective purchaser of the Bonds should consult his or her own tax advisor as to the status of interest on the Bonds under the tax laws of any state other than Louisiana.

### **Alternative Minimum Tax Consideration**

Except as hereinafter described, interest on the 2011A-1 Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The Code imposes a 20% alternative minimum tax on the “alternative minimum taxable income” of a corporation, if the amount of such alternative minimum tax is greater than the amount of the corporation's regular income tax. Generally, a corporation's “alternative minimum taxable income” includes 75% of the amount by which a corporation's “adjusted current earnings” exceeds a corporation's alternative minimum taxable income. Interest on the Bonds will be included in a corporation's “adjusted current earnings.”

### **Bonds Not Qualified Tax-Exempt Obligations (Non-Bank Deductibility)**

The Tax Reform Act of 1986 revised Section 265 of the Code so as to generally deny financial institutions 100% of the interest deductions that are allocable to tax-exempt obligations acquired after August 7, 1986. However, an exception is permitted under the Tax Reform Act of 1986 for certain qualified tax-exempt obligations which allows financial institutions to continue to treat the interest on such obligations as being subject to the 20% disallowance provision under prior law if the issuer, together with certain subordinate entities, reasonably expects that it will not issue more than \$10,000,000 of governmental purpose bonds in a calendar year and designates such bonds as “qualified tax-exempt obligations” pursuant to the provisions of Section 265(b)(3)(B) of the Code. The Bonds are **not** designated as “qualified tax-exempt obligations” pursuant to Section 265(b)(3)(B) of the Code.

### **Special Considerations with Respect to 2011A-1 Bonds**

The Code imposes a number of requirements that must be satisfied for interest on state and local obligations to be excluded from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of certain bond proceeds be paid periodically to the United States, except under certain circumstances, and a requirement that information reports be filed with the Internal Revenue Service.

The opinion of Co-Bond Counsel will assume continuing compliance with the covenants in the Bond Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the 2011A-1 Bonds for federal income tax purposes and, in addition, will rely on representations by the City with respect to matters solely within the knowledge of the City, which Co-Bond Counsel has not independently verified. If the City should fail to comply with the covenants in the Bond Resolution or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the 2011A-1 Bonds could become included in gross income from the date of original delivery of the 2011A-1 Bonds, regardless of the date on which the event causing such inclusion occurs.

Owners of the 2011A-1 Bonds should be aware that (i) the ownership of tax-exempt obligations, such as the 2011A-1 Bonds, may result in collateral federal income tax consequences to certain taxpayers and (ii) certain other federal, state and/or local tax consequences may also arise from the ownership and disposition of the 2011A-1 Bonds or the receipt of interest on the 2011A-1 Bonds. Furthermore, future laws and/or regulations enacted by federal, state or local authorities may affect certain owners of the 2011A-1 Bonds. All prospective purchasers of the 2011A-1 Bonds should consult their legal and tax advisors regarding the applicability of such laws and regulations and the effect that the purchase and ownership of the 2011A-1 Bonds may have on their particular financial situation. Except as stated above, Co-Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on or acquisition, ownership or disposition of the 2011A-1 Bonds.

*Tax Treatment of Original Issue Premium.* The 2011A-1 Bonds maturing October 1, 2014 to October 1, 2021, inclusive (the “Premium Bonds”), are being offered and sold to the public at a price in excess of their stated principal amounts.

Such excess is characterized as a “bond premium” and must be amortized by an investor purchasing a Premium Bond on a constant yield basis over the remaining term of the Premium Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium related to a tax-exempt bond for federal income tax purposes. However, as bond premium is amortized, it reduces the investor’s basis in the Premium Bond. Investors who purchase a Premium Bond should consult their own tax advisors regarding the amortization of bond premium and its effect on the Premium Bond’s basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Premium Bond.

### **Special Considerations with Respect to 2011A-2 Bonds**

*In General.* Interest on the 2011A-2 Bonds is not excludable from gross income for federal income tax purposes under Section 103 of the Code. Interest on the 2011A-2 Bonds will be fully subject to federal income taxation. Thus, owners of the 2011A-2 Bonds generally must include interest on the 2011A-2 Bonds in gross income for federal income tax purposes.

*Taxation of Interest Income of the 2011A-2 Bonds.* Payments of interest with regard to the 2011A-2 Bonds will be includible as ordinary income when received or accrued by the holders thereof in accordance with their respective methods of accounting and applicable

provisions of the Code. Payments of interest received with respect to the 2011A-2 Bonds will also constitute investment income for purposes of certain limitations of the Code concerning the deductibility of investment interest expense. Potential holders of the 2011A-2 Bonds should consult their own tax advisors concerning the treatment of interest payments with regard to the 2011A-2 Bonds.

A purchaser (other than a person who purchases a 2011A-2 Bond upon issuance at the issue price) who buys a 2011A-2 Bond at a discount from its principal amount will be subject to the market discount rules of the Code. In general, the market discount rules of the Code treat principal payments and gain on disposition of a debt instrument as ordinary income to the extent of accrued market discount. In addition, absent an election to accrue market discount currently, the portion of any interest expense incurred or continued to carry a market discount bond, that does not exceed the accrued market discount for any 2011A-2 year, will be deferred. Each potential investor should consult his tax advisor concerning the application of the market discount rules to the 2011A-2 Bonds.

Owners of the 2011A-2 Bonds should be aware that certain federal tax consequences may arise from the ownership and disposition of the 2011A-2 Bonds or the receipt of interest on the 2011A-2 Bonds. All prospective purchasers of the 2011A-2 Bonds should consult their legal and tax advisors regarding the applicability of such laws and regulations and the effect that the purchase and ownership of the 2011A-2 Bonds may have on their particular financial situation. Except as stated above, Co-Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on or acquisition, ownership or disposition of the 2011A-2 Bonds.

*Sale or Exchange of 2011A-2 Bonds.* If a Bondholder sells a 2011A-2 Bond, such person will recognize gain or loss equal to the difference between the amount realized on such sale and the Bondholder's basis in such 2011A-2 Bond. Ordinarily, such gain or loss will be treated as a capital gain or loss. At the present time, for individual taxpayers, the maximum capital gain rate for certain assets held for more than twelve months is 15%. In February of 2009, President Barack Obama proposed increasing the long term capital gains rate to 20%. Co-Bond Counsel cannot predict whether this increase will receive Congressional approval. The federal income tax provisions that relate to capital gains and losses are complex and contain exceptions to the general rules stated herein. Therefore, any potential holders of 2011A-2 Bonds are advised to consult their tax advisors regarding the application of those tax provisions to their ownership, sale, or other disposition of a 2011A-2 Bond.

If the term of a 2011A-2 Bond was materially modified, in certain circumstances, a new debt obligation would be deemed created and exchanged for the prior obligation in a taxable transaction. Among the modifications which may be treated as material are those which relate to redemption provisions. Each potential holder of a 2011A-2 Bond should consult its own tax advisor concerning the circumstances in which the 2011A-2 Bonds would be deemed reissued and the likely effects, if any, of such reissuance.

*Backup Withholding.* Certain purchasers may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the 2011A-2 Bonds if the purchasers, upon issuance or subsequent purchase, fail to supply their brokers, or any other person required to collect such information pursuant to the Code, with their taxpayer identification numbers, furnish incorrect taxpayer identification numbers, fail to report interest,

dividends or other “reportable payments” (as defined in the Code) properly, or, under certain circumstances, fail to provide a certified statement, under penalty of perjury, that they are not subject to backup withholding. Information returns will be sent annually to the Service and to each purchaser setting forth the amount of interest paid with respect to the 2011A-2 Bonds and the amount of tax withheld thereon.

*European Union Directive on the Taxation of Savings Income.* The European Union adopted a directive (2003/48/EC) (the “Directive”) regarding the taxation of savings income. The Directive requires a member state of the European Union (a “Member State”) to provide to the tax authorities of another Member State details of payments of interest or other similar income payments made by a person within its jurisdiction for the immediate benefit of an individual or to certain non-corporate entities resident in that other Member State (or for certain payments secured for their benefit).

A number of non-European Union countries and certain dependent or associated territories of Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments of interest or other similar income payments made by a person in that jurisdiction for the immediate benefit of an individual or to certain non-corporate entities in any Member State. The Member States have entered into reciprocal provision of information or transitional special withholding tax arrangements with certain of those dependent or associated territories. These apply in the same way to payments by persons in any Member State to individuals or certain non-corporate residents in those territories.

No additional amounts will be payable with respect to the 2011A-2 Bonds if a payment on such 2011A-2 Bond is reduced as a result of any tax, assessment or other governmental charge that is required to be made pursuant to any European Union directive on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, any such directive. Holders of 2011A-2 Bonds should consult their tax advisers regarding the implications of the Directive in their particular circumstances.

*Foreign Investors.* A holder of a 2011A-2 Bond which is not a U.S. person (“foreign holder”) will not be subject to U.S. federal income or withholding tax in respect of interest income or gain on the 2011A-2 Bonds if certain conditions are satisfied, including: (1) the foreign holder provides an appropriate statement, signed under penalties of perjury, identifying the foreign holder as the beneficial owner and stating, among other things, that the foreign holder is not a U.S. person, (2) the foreign holder is not a “10 percent shareholder” or “related controlled foreign corporation” with respect to the State, and (3) the interest income is not effectively connected with a United States trade or business of the foreign holder. The foregoing exemption does not apply to contingent interest or market discount. To the extent these conditions are not met, a 30% withholding tax will apply to interest income on the 2011A-2 Bonds, unless an income tax treaty reduces or eliminates such tax or the interest is effectively connected with the conduct of a trade or business within the United States by such foreign holder. In the latter case, such foreign holder will be subject to U.S. federal income tax with respect to all income from the 2011A-2 Bonds at regular rates applicable to U.S. taxpayers, and may be subject to the branch profits tax if it is a corporation. A “U.S. person” is: (i) a citizen or resident of the United States, (ii) a corporation (or other entity that is treated as a corporation for U.S. federal tax purposes) that is created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), (iii) an estate the income of which is subject to U.S. federal income

taxation regardless of its source, or (iv) a trust, if a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions.

Generally, a foreign holder will not be subject to federal income tax on any amount which constitutes capital gain upon the sale, exchange, retirement or other disposition of a 2011A-2 Bond unless such foreign holder is an individual present in the United States for 183 days or more in the 2011A-2 year of the sale, exchange, retirement or other disposition and certain other conditions are met, or unless the gain is effectively connected with the conduct of a trade or business in the United States by such foreign holder. If the gain is effectively connected with the conduct of a trade or business in the United States by such foreign holder, such holder will generally be subject to U.S. federal income tax with respect to such gain in the same manner as U.S. holders, as described above, and a foreign holder that is a corporation could be subject to a branch profits tax on such income as well.

*ERISA Considerations.* The Employee Retirement Income Security Act of 1974, as amended (“ERISA”), imposes certain requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, “ERISA Plans”) and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of any investment by an ERISA Plan in the 2011A-2 Bonds must be determined by the responsible fiduciary of the ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment. Government and non-electing church plans are generally not subject to ERISA. However, such plans may be subject to similar or other restrictions under state or local law.

In addition, ERISA and the Code generally prohibit certain transactions between an ERISA Plan or a qualified employee benefit plan under the Code and persons who, with respect to that plan, are fiduciaries or other “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of the Code. In the absence of an applicable statutory, class or administrative exemption, transactions between an ERISA Plan and a party in interest with respect to an ERISA Plan, including the acquisition by one from the other of a 2011A-2 Bond could be viewed as violating those prohibitions. In addition, Code Section 4975 prohibits transactions between certain tax-favored vehicles such as Individual Retirement Accounts and disqualified persons. Code Section 503 includes similar restrictions with respect to governmental and church plans. In this regard, the City or any Dealer of the 2011A-2 Bonds might be considered or might become a “party in interest” within the meaning of ERISA or a “disqualified person” within the meaning of the Code, with respect to an ERISA Plan or a plan or arrangement subject to Code Sections 4975 or 503. Prohibited transactions within the meaning of ERISA and the Code may arise if the 2011A-2 Bonds are acquired by such plans or arrangements with respect to which the City or any Dealer is a party in interest or disqualified person.

In all events, fiduciaries of ERISA Plans and plans or arrangements subject to the above Code Sections, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in the 2011A-2 Bonds. The sale of the 2011A-2 Bonds to a plan is in no respect a representation by the City that such an investment meets the relevant legal requirements with respect to benefit plans generally or any particular plan. Any plan

proposing to invest in the 2011A-2 Bonds should consult with its counsel to confirm that such investment is permitted under the plan documents and will not result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA, the Code and other applicable law.

### **Changes in Federal and State Tax Law**

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation.

### **FINANCIAL ADVISOR**

This Official Statement has been prepared under the direction of the Board of Liquidation and with the assistance of Public Financial Management, Inc., Memphis, Tennessee, employed by the Board of Liquidation to perform professional services in the capacity of financial advisor (the “Financial Advisor”). The Financial Advisor has reviewed and commented on certain legal documentation, including the Preliminary Official Statement and the Official Statement. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other information available to the Board of Liquidation, with respect to the appropriateness, accuracy or completeness of disclosure of such information or other information, and no guaranty, warranty or other representation is made by the Financial Advisor respecting such accuracy and completeness of information or any other matter related to such information and the Official Statement.

### **VERIFICATION OF COMPUTATIONS**

Robert Thomas CPA, LLC (the “Verification Agent”), will independently verify the arithmetical accuracy of the computations included in schedules provided to them by the Financial Advisor on behalf of the Authority and issue a report thereon indicating: (1) the sufficiency of the anticipated receipts from the cash on deposit in the Series 2001 Bonds Account of the Escrow Fund to pay the principal of and interest on the Defeased Bonds on their maturity date, (2) the sufficiency of the anticipated receipts from the cash on deposit in the Series 2001 Bonds Account of the Escrow Fund to pay the interest due on the Refunded Bonds on October 1, 2011 and the principal of and interest and redemption premium on the Refunded Bonds on their redemption date, (3) the “yields” considered by Co-Bond Counsel in its determination that the 2011A-1 Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Code, and (4) the amount of interest that will be paid on the Bonds on April 1 and October 1 of the years 2012 and 2013 from the Series 2011A Bonds Interest Defeasance Account. Such verification will be based solely on assumptions and information supplied by the Financial Advisor on behalf of the Issuer. Furthermore, the Verification Agent will have restricted its procedures to verifying the arithmetical accuracy of such computations and will not have made any study or evaluation of the

assumptions and information on which the computations were based and, accordingly, will not express an opinion on such assumptions and information, the reasonableness of such assumptions, or the achievability of future events.

### **LITIGATION AFFECTING THE COMMISSION**

Certain claims and suit have been filed against the Commission; however, a majority of these are covered by insurance. Based on all available information, the Commission does not believe the ultimate resolution of these matters will have a significant effect on it's financial position, results of operations, or cash flow.

The Louisiana Constitution provides that no public property or public funds shall be subject to seizure and that no judgment against a political subdivision shall be exigible, payable or paid except from funds appropriated by the political subdivision against which the judgment is rendered. Accordingly, the Commission may treat any judgment rendered against it in State court like other judgments of the City and place any judgment in line for payment upon the appropriation of funds to pay such judgment. The Commission could also enter into settlement negotiations to reduce the amount to be paid on any judgment.

The litigation information relating to the Commission is provided for general information purposes. The above litigation does not affect the security for the Bonds.

### **LEGAL MATTERS**

No litigation has been filed questioning the validity of the Bonds or the security thereof and a certificate to that effect will be delivered by the Issuer to the Underwriters upon the issuance of the Bonds.

The approving opinion of Co-Bond Counsel will be printed on the Bonds. The opinion of Co-Bond Counsel is limited to the matters set forth therein, and Co-Bond Counsel are not passing upon the accuracy or completeness of this Official Statement. Co-Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Co-Bond Counsel as of the date thereof. Co-Bond Counsel assume no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Co-Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Co-Bond Counsel's opinions are not a guarantee of a particular result and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Co-Bond Counsel's professional judgment based on a review of existing law and in reliance on the representations and covenants that each deems relevant to such opinions.

A manually executed original of such opinion will be delivered to the Underwriters on the date of payment for and delivery of the Bonds. The form of said legal opinion appears in Appendix "H" to this Official Statement. For additional information regarding the opinion of Co-Bond Counsel, see the preceding section titled "TAX EXEMPTION." The compensation of Co-Bond Counsel is contingent upon the sale and delivery of the Bonds.

Auzenne & Associates, L.L.C., 210 Baronne Street, Suite 1413, New Orleans, Louisiana 70112, will pass upon certain matters as Counsel to the Underwriters.

## **FINANCIAL STATEMENTS**

The general purpose financial statements of the Audubon Commission of the City of New Orleans for the year ended December 31, 2010, included in Appendix “B” to this Official Statement, have been audited by Deloitte & Touche LLP, as stated in their report dated as of May 10, 2011, which appears in Appendix “B.”

Included in Appendix “D” to this Official Statement are the audited financial statements of the Board of Liquidation for the year ended December 31, 2010, which have been examined by Paciera, Gautreau & Priest, LLC, Certified Public Accountants, to the extent and for the period indicated in their report thereon, dated as of March 7, 2011.

The audited financial statements included in this Official Statement have been included in reliance upon said reports.

## **UNDERWRITING**

The Bonds are being purchased by Loop Capital Markets LLC, Morgan Keegan & Company, Inc. and Dorsey & Company, Inc. (collectively, the “Underwriters”), at a purchase price of \$27,298,552.30 (representing the principal amount of the Bonds, less Underwriters’ discount of \$135,074.80, and plus an original issue premium of \$2,433,627.10).

## **DISCLOSURE OF CERTAIN RELATIONSHIPS**

Loop Capital Markets LLC, the senior managing underwriter of the Bonds, has entered into an agreement (the “Distribution Agreement”) with UBS Financial Services Inc. For the retail distribution of certain municipal securities offerings at the original issue prices. Pursuant to the Distribution Agreement, Loop Capital Markets will share a portion of its underwriting compensation with respect to the Bonds with UBS Financial Services Inc.

## **GOVERNING AUTHORITY**

The City is governed by the Mayor and the Council. The Council consists of seven members. The names of the members of the Council, as well as the Mayor and other City officials, appear at the beginning of this Official Statement.

## **CONTINUING DISCLOSURE**

The Issuer will, pursuant to a Continuing Disclosure Certificate, covenant for the benefit of Bond owners to provide certain financial information and operating data relating to the Issuer in each year no later than August 31 of such year, with the first such report due not later than August 31, 2012 (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events, if deemed by the Issuer to be material. The Annual Report will be filed by the Issuer with the MSRB (and with any future Louisiana officially designated State Information Depository). Any notices of material events will be filed by the Issuer with the MSRB (and with any future Louisiana officially designated State Information Depository). The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth herein under the caption “APPENDIX I - Form of Continuing Disclosure Certificate.” These covenants have been made in order to assist the Underwriters in complying with S.E.C. Rule 15c2-12(b)(5) (the “Rule”).

The City's designated Dissemination Agent for the above information is the Secretary of the Board of Liquidation, Room 8E17, City Hall, 1300 Perdido Street, New Orleans, Louisiana 70112 (telephone 504-658-1410).

Except as provided in the Continuing Disclosure Certificate, the Issuer has not undertaken to provide all information investors may desire to have in making decisions to hold, sell or buy the Bonds.

The City failed to file its audited financial statements for the Fiscal Year ended December 31, 2005 and December 31, 2006 in a timely matter as required by its outstanding Continuing Disclosure Certificates. The audited financial statements for Fiscal Year 2005 were accepted by the City's Budget Committee on July 27, 2007 and filed on July 31, 2007. The Continuing Disclosure Report for Fiscal Year 2006 was filed on September 6, 2007. The City's failure to file audited financial statements on a timely basis in fiscal years 2005 and 2006 was a direct result of Hurricane Katrina.

The City has complied with substantially all of its prior undertakings for Fiscal Years 2007, 2008, and 2009. The annual report for Fiscal Year 2010 is due August 31, 2011.

### **BOND RATINGS**

Standard & Poor's Public Finance Ratings, a division of The McGraw-Hill Companies, Inc., ("S&P") is expected to assign its municipal bond rating of "AA+" (negative outlook) only to the Insured Bonds, with the understanding that the Policy of AGM will be issued concurrently with the delivery of the Insured Bonds. S&P previously assigned an underlying rating of "A" (stable) to the Bonds. Fitch Ratings, Inc. ("Fitch"), has assigned its rating of "A-" (stable) to the Bonds. Such ratings reflect only the views of such organizations and are not a recommendation to buy, sell or hold the Bonds. Any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Standard & Poor's Public Finance Ratings, Lincoln Plaza, Suite 3200, 500 N. Akard, Dallas, TX 75201, telephone 214-871-1400 or Fitch Ratings, 111 Congress Avenue, Suite 2010, Austin, TX 78701, telephone 888-262-4820. The Board of Liquidation, the Board and the City may have furnished to such rating agencies information relating to the Bonds and the City, certain of which information and materials have not been included in this Preliminary Official Statement. Generally, a rating agency bases its rating on the information and materials so furnished and on its own investigations, studies and assumptions. A rating may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information. There is no assurance that a rating will not be changed or withdrawn entirely if, in the judgment of the rating agency issuing the rating, circumstances so warrant. Any such changes or withdrawals of any rating could have an adverse effect on the market price for the Bonds.

Due to the ongoing uncertainty regarding the economy of the United States of America, including, without limitation, matters such as the future political uncertainty regarding the United States debt limit, obligations issued by state and local governments, such as the Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, including the Bonds.

## **ADDITIONAL INFORMATION**

This Official Statement was prepared in conjunction with Fiscal Services, Inc., Suite 2630, One Canal Place, 365 Canal Street, New Orleans, Louisiana 70130-1138, telephone (504-568-1249).

For any additional information concerning the City, please address Mr. David W. Gernhauser, Secretary, Board of Liquidation, City Debt, Room 8E17, City Hall, 1300 Perdido Street, New Orleans, Louisiana 70112-2197, telephone (504-658-1410). For additional information concerning the Commission, please contact Mr. William H. "Bill" Kurtz, Chief of Staff, Audubon Nature Institute, 6500 Magazine Street, New Orleans, Louisiana 70118, telephone (504-861-2537). For additional information concerning the Bonds, please address Ms. Lisa Daniel, Public Financial Management, 530 Oak Court Drive, Suite 160, Memphis, Tennessee 38117, telephone (901-682-8386).

The City, Public Financial Management, Fiscal Services, Inc., and Co-Bond Counsel are familiar with the *Disclosure Guidelines for State and Local Government Securities* published by the Government Finance Officers Association.

## **CERTIFICATION AS TO OFFICIAL STATEMENT**

At the time of payment for and delivery of the Bonds, the City will furnish the Underwriters (1) a certificate signed by the Secretary of the Board of Liquidation to the effect that on the date of the Preliminary Official Statement, on the date of the Official Statement, on the date of sale of the Bonds and on the date of the delivery thereof, (a) the descriptions and statements of or pertaining to the Board of Liquidation and the City's bonds, contained in the Official Statement were and are true and complete in all material respects; (b) insofar as such matters are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in light of the circumstances under which they are made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to governmental and non-governmental entities other than the City, and their activities, contained in the Official Statement are concerned, such descriptions, statements and data have been obtained from sources which the Board of Liquidation believes to be reliable and the Board of Liquidation has no reason to believe that they are untrue or incomplete in any material respect; (2) a certificate signed by the Director of Finance of the City to the effect that on the date of the Preliminary Official Statement, on the date of the Official Statement, on the date of sale of the Bonds, and on the date of the delivery thereof, (a) the descriptions and statements, including financial statements, of or pertaining to the City contained in the Official Statement (other than the matters covered by the certificate of the Secretary of the Board of Liquidation and the Secretary of the Commission) were and are true and correct in all material respects, (b) insofar as the City and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading, and (c) other than as set forth herein, there has been no material adverse change in the financial condition of the City since December 31, 2010, and (3) a certificate signed

by the Secretary of the Commission to the effect that on the date of the Preliminary Official Statement, on the date of the Official Statement, on the date of sale of the Bonds, and on the date of the delivery thereof, (a) the descriptions and statements, including financial statements, of or pertaining to the Commission contained in the Official Statement (other than the matters covered by the certificate of the Secretary of the Board of Liquidation and the Director of Finance of the City) were and are true and correct in all material respects, (b) insofar as the Commission and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading, and (c) other than as set forth herein, there has been no material adverse change in the financial condition of the Commission since December 31, 2010, the date of the last audited financial statements of the Commission appearing in the Official Statement.

### **MISCELLANEOUS**

This Official Statement has been prepared in connection with the initial offering and sale of the Bonds to the Underwriters on the date hereof and is not intended for use in connection with any subsequent sale, reoffering or remarketing of the Bonds. Subsequent purchasers must therefore rely on their own examination of the offering, including the merits and the risks involved.

The Issuer has authorized the delivery of this Official Statement to the Underwriters. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Potential purchasers of the Bonds should consult their own tax advisors as to the consequences of investing in the Bonds. Also, see "TAX EXEMPTION" herein.

### **BOARD OF LIQUIDATION, CITY DEBT**

*/s/ David W. Gernhauser*  
**David W. Gernhauser**  
**Secretary**

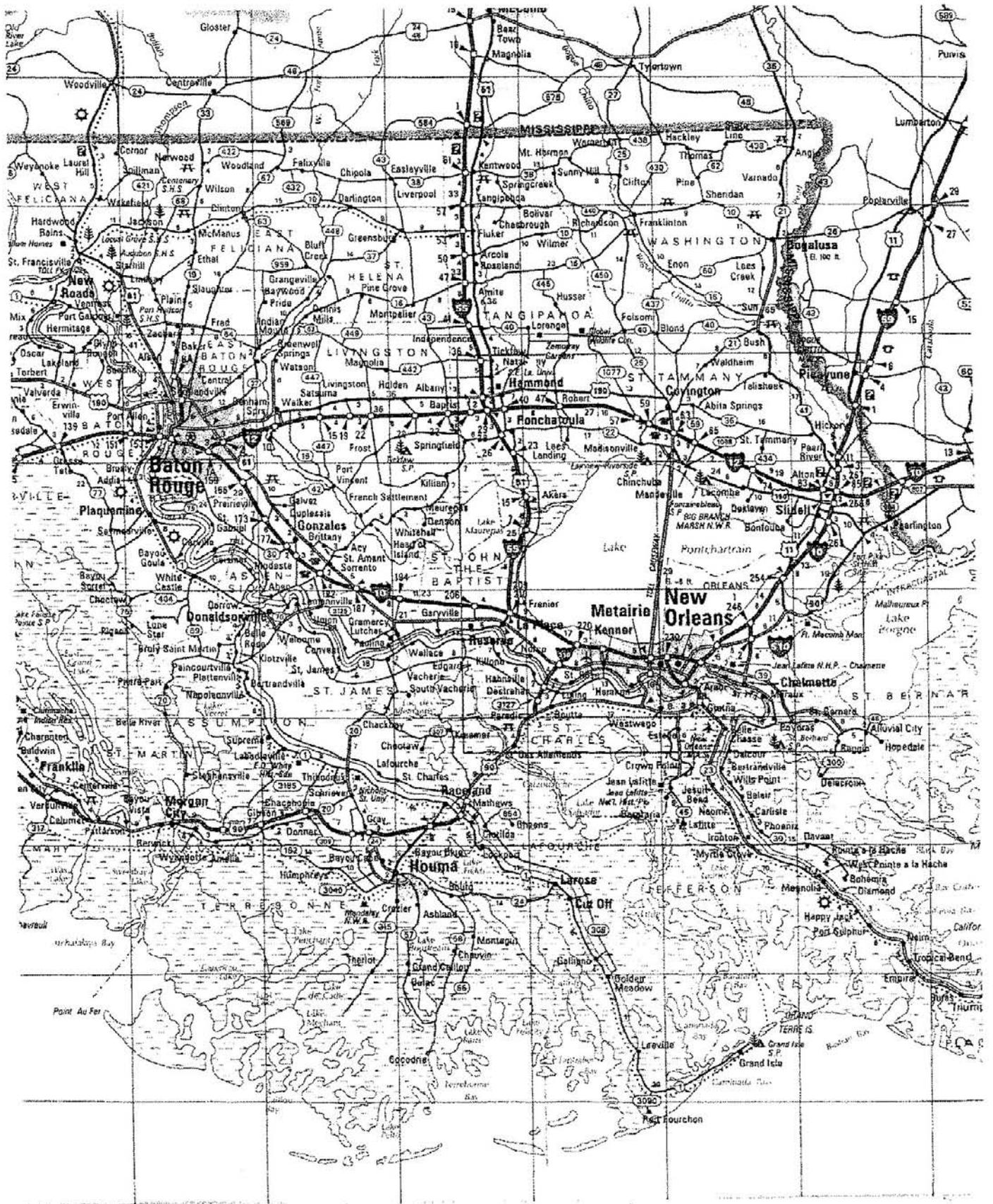
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**MAPS**

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**MAP INDICATING THE APPROXIMATE  
LOCATION OF ORLEANS PARISH AND THE  
CITY OF NEW ORLEANS WITHIN THE  
STATE OF LOUISIANA**



**FINANCIAL AND STATISTICAL DATA  
RELATIVE TO THE CITY OF NEW ORLEANS,  
THE AUDUBON COMMISSION, AND  
THE PARISH OF ORLEANS, STATE OF LOUISIANA**

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**FINANCIAL AND STATISTICAL DATA  
RELATIVE TO THE CITY OF NEW ORLEANS, THE AUDUBON  
COMMISSION, AND THE PARISH OF ORLEANS, STATE OF LOUISIANA**

The Audubon Commission (the “Commission”) is a an independent agency of the City and is the successor to the Audubon Park Commission which was created by Act 191 of the Legislature of the State of Louisiana (the “State”) for the year 1914, as amended. The Commission, the City of New Orleans (the “City”) and the Parish of Orleans (the “Parish”) have the same boundaries and are located in southeastern Louisiana approximately 110 miles from the mouth of the Mississippi River. The City occupies an area of approximately 363.5 square miles, of which approximately 199.4 square miles are land and approximately 164.1 square miles are water. The developed area of the City consists of approximately 75 square miles.

New Orleans is one of the largest seaports in the United States, a major trade and service market, and a world-wide tourist and convention center. The manufacturing base is relatively small. The oil and gas industry plays an important role in the City’s economy. Several major oil companies, financial institutions, law firms, utilities, government agencies, universities, and hospitals have office buildings in the central business district and are among the largest employers within the City.

**Population**

The actual population of the City, from time to time, may be larger than its basic resident population as a result of an influx of commuters, tourists, visitors and convention attendees. The population of the New Orleans Metropolitan Statistical Area (the “MSA”) (which, as now defined by the U.S. Office of Management and Budget, includes Jefferson, Orleans, Plaquemines, St. Bernard, St. Charles, St. John the Baptist and St. Tammany Parishes) grew from approximately 754,856 in 1950 to approximately 1,316,510 in 2000, an increase of approximately 57.34%. Despite Hurricane Katrina, MSA population only fell by 148,746 between 2000 and 2010. Orleans Parish's population comprised approximately 74.1% of the MSA’s population in 1950, as compared to approximately 36.2% in 2000.

**Population of New Orleans and the New Orleans  
Metropolitan Statistical Area**

	<u>1950</u>	<u>1960</u>	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>
New Orleans	570,445	627,525	593,471	557,927	496,938	484,674	343,829
MSA*	754,856	969,326	1,125,058	1,282,717	1,264,391	1,316,510	1,167,764

(\* Restated to reflect inclusion of Plaquemines Parish in 1993.)

Sources: Bureau of the Census, U.S. Department of Commerce.

## Assessed Valuations

The following tables set forth the assessed value of taxable property in the City, homestead exemptions for the years 2000-2011, and the assessed value of various categories of property for the years 2007-2011.

### Assessed Value of Property in the City of New Orleans

<u>Tax Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Public Service Property</u>	<u>Total Assessed Valuation</u>	<u>Less: Homestead Exemptions</u>	<u>Taxable Assessed Valuation</u>
2000	\$1,566,349,584	\$417,866,288	\$189,071,230	\$2,173,287,102	\$472,736,617	\$1,700,550,485
2001	1,622,017,999	437,217,247	188,786,950	2,248,022,196	474,795,273	1,773,226,923
2002	1,668,593,521	445,690,366	172,736,160	2,287,020,047	475,530,514	1,811,489,533
2003	1,668,593,521	448,788,841	173,844,970	2,291,227,332	478,666,076	1,812,561,256
2004	1,852,618,536	484,006,473	164,249,110	2,500,874,119	489,517,102	2,011,357,017
2005	1,967,375,676	465,782,621	171,451,660	2,604,609,957	465,989,854	2,138,620,103
2006	1,432,380,307	394,823,507	170,463,560	1,997,667,374	328,776,640	1,668,890,734
2007	1,650,948,720	344,397,546	139,643,310	2,134,989,576	288,851,693	1,846,137,883
2008	2,295,689,798	393,879,207	145,035,610	2,834,604,615	297,101,026	2,537,503,589
2009	2,353,204,380	405,715,110	152,439,600	2,911,363,090	330,225,920	2,581,137,170
2010	2,489,812,690	387,333,971	163,911,580	3,041,058,241	369,086,386	2,671,971,855
<b>2011</b>	<b>2,584,333,528</b>	<b>385,699,970</b>	<b>167,557,410</b>	<b>3,137,590,908</b>	<b>372,613,310</b>	<b>2,764,977,598</b>

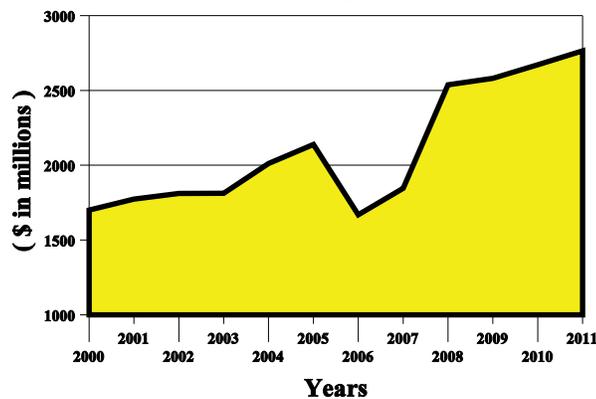
Sources: Tax Commission (2000-2007); City of New Orleans Department of Finance (2008-2011).

(Note: Hurricane Katrina occurred August 29, 2005 and impacted the 2006 tax rolls.)

Unlike other municipalities in Louisiana, homestead exemptions are applicable to most taxes levied in the City, pursuant to the provisions of the Louisiana Constitution. For additional information, see Tax Rates and Tax Rate Adjustments in this Appendix.

### TAXABLE ASSESSED VALUATIONS

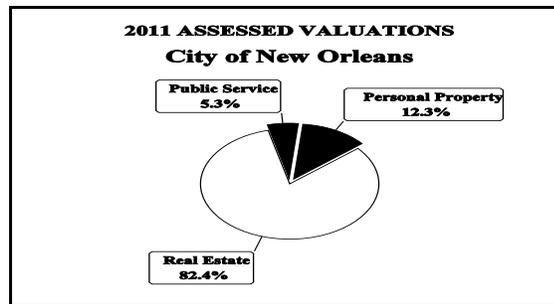
#### Orleans Parish, Louisiana



**Assessed Value by Classification**

<b><u>Classification</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>
Land	\$ 436,370,360	\$ 653,702,583	\$ 603,638,410	\$ 602,571,490	\$ 598,666,960
Improvements	1,214,578,360	1,643,800,132	1,749,565,970	1,887,241,200	1,987,414,580
Inventories	54,705,294	56,457,872	63,207,160	73,081,410	70,438,050
Machinery & Equipment	91,442,496	105,993,214	120,470,994	211,256,450	118,357,982
Business Furniture & Fixtures	46,935,223	47,860,522	51,981,500	53,371,760	53,591,790
Miscellaneous Personal Property	23,086,826	44,295,346	42,780,048	76,265,890	50,122,828
Watercraft	1,072,244	1,516,160	1,753,320	4,697,560	4,851,360
Credits	778,730	2,420,820	975,140	1,550,350	1,101,330
Financial Institutions	100,952,510	114,608,180	104,240,460	80,758,810	67,446,830
Leased Equipment	25,424,223	21,397,895	20,306,574	16,939,224	19,789,800
Public Service Corporations	<u>139,643,310</u>	<u>144,942,530</u>	<u>152,439,600</u>	<u>163,911,580</u>	<u>167,557,410</u>
	<u>\$2,134,989,576</u>	<u>\$2,836,995,254</u>	<u>\$2,911,359,176</u>	<u>\$3,171,645,724</u>	<u>\$3,139,338,920</u>

Sources: Tax Commission (2007-2008); City of New Orleans Finance Department (2009-2011).



**Tax Rates and Tax Rate Adjustments**

The Louisiana Constitution and statutory authority supplemental thereto provide (*for millage other than general obligation bond millage*) that the total amount of *ad valorem* taxes collected by any taxing authority in a reappraisal year (which occurs at least every four years) shall not be more or less than the total amount collected in the preceding year, solely because of reappraisal, and the *ad valorem* taxes or millages are to be increased or decreased to achieve this result. There is a statutory procedure by which a millage, if reduced, may be readjusted upward to the prior authorized millage rate.

The following table shows, in summary, the millages levied in the Parish for the years 2007 through 2011.

<b><u>Purpose</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>
	(\$ per \$1,000 of Taxable Assessed Value)				
<b>City:</b>					
General Purposes	14.91	10.85	10.85	10.85	13.91
City Services	--	--	0.87	0.87	1.19
Debt Service on General					
Obligation Bonds	31.70	23.80	23.80	25.50	25.50
Fire and Police	6.40	4.66	4.66	4.66	6.40

*(Table continued on next page)*

<u>Purpose</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
	(\$ per \$1,000 of Taxable Assessed Value)				
Police (1)	5.26	3.98	3.98	3.98	5.26
Fire (1)	5.21	3.94	3.94	5.21	5.21
Audubon Park Zoo	0.44	0.32	0.32	0.32	0.32
Aquarium	4.11	2.99	2.99	2.99	2.99
Library	4.32	3.14	3.14	3.14	3.14
Capital Improvements & Infrastructure Trust Fund	2.50	1.82	1.82	1.82	1.82
Economic Development & Housing	1.25	1.82	1.82	1.82	1.82
Parkway & Recreation	3.00	2.18	2.18	2.18	3.00
Streets (Traffic Control Devices)	1.90	1.38	1.38	1.38	1.90
Sewerage and Water Board:					
Drainage System (Act 617 of 1977)	6.40	4.66	4.60	4.66	4.66
Drainage System (Ord. 6289, M.C.S.)	6.48	4.71	4.54	4.71	4.71
Drainage System (R-81-29)	<u>9.71</u>	<u>7.06</u>	<u>6.89</u>	<u>7.06</u>	<u>7.06</u>
<b>Total City Tax Rates</b>	<b>103.59</b>	<b>77.31</b>	<b>77.78</b>	<b>81.15</b>	<b>88.89</b>
Assessors	1.19	0.87	--	--	--
Orleans Law Enforcement District	3.50	2.90	2.90	2.90	2.90
Orleans Parish School Board	52.90	38.47	38.47	44.12	44.12
Orleans Levee Board	<u>12.76</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Total Parishwide Tax Rates</b>	<b>173.94</b>	<b>119.55</b>	<b>119.15</b>	<b>128.17</b>	<b>135.91</b>
Orleans Levee District (Eastbank)	--	9.65	10.95	11.67	11.67
Algiers Levee District (Westbank)	--	9.28	9.28	12.76	12.76
Downtown Development District (2)	15.90	14.76	14.76	14.76	14.76
New Orleans Regional Business Park (3)	22.79	20.85	20.85	20.85	20.85
Garden District Security	15.00	11.62	12.00	11.62	16.00
Touro Bouligny	12.80	7.80	7.80	7.80	7.80

(1) No homestead exemption. (2) Tax levied only on certain real property in the central business area of the City. (3) Tax levied on certain real property within the District, excluding residential real property.

Neighborhood based special taxing districts have been created by the Louisiana Legislature in portions of Orleans Parish. These special taxing districts have been authorized, upon voter approval, to impose parcel fees on the real property located within the boundaries of the respective district to be used for various purposes solely within such district.

## Property Taxpayers

The following list includes the names and the 2011 assessed valuations of the ten largest property taxpayers in the Issuer and their assessed value:

	<u>Name of Taxpayer</u>	<u>Type of Business</u>	<u>2011 Assessed Valuation</u>
1.	Entergy	Utility	\$ 84,317,730
2.	BellSouth	Utility	53,603,130
3.	Harrah's New Orleans Casino & Hotel	Tourism	41,061,430
4.	Capital One, National Association	Financial Services	28,517,480
5.	International Rivercenter	Retail Shopping; Hotel	17,466,490
6.	Whitney Bank	Financial Services	17,009,680
7.	JPMorgan Chase Bank, National Association	Financial Services	15,311,260
8.	W H Holdings LLC	Commercial Real Estate	15,000,650
9.	C S & M Associates	Commercial Real Estate	14,653,300
10.	Marriott Hotel	Hotel	<u>14,101,306</u>
	Total		<u>\$301,042,456*</u>

\* Approximately 10.89% of the Issuer's 2011 taxable assessed valuation.

Source: Department of Finance, City of New Orleans.

## Property Tax Collections

The following table shows property tax levied in each year from 2001 through 2010, the amounts collected and the percentage of such levy that has been collected since the date the taxes were imposed, as reported by the City Finance Department:

### Property Tax Levies and Collections (Amounts in Thousands)

<u>Tax Year</u>	<u>Total Levied</u>	<u>Collected though December 31, 2010</u>		<u>Balance Due at December 31, 2010</u>		<u>Collected During 2010 Amount</u>
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	
<u>Real Estate Taxes</u>						
2001	\$209,441	\$207,308	98.98%	\$2,133	1.02%	\$ 61
2002	214,088	211,499	98.79	2,589	1.21	70
2003	217,039	214,610	98.88	2,429	1.12	115
2004*	247,328	244,140	98.71	3,188	1.29	102
2005	267,327	262,758	98.29	4,569	1.71	117
2006**	219,991	216,193	98.27	3,798	1.73	631
2007	250,462	244,173	97.49	6,289	2.51	1,143
2008	269,746	263,233	97.59	6,513	2.41	3,890
2009	275,869	268,382	97.29	7,487	2.71	10,521
2010	309,800	291,078	93.96	18,722	6.04	291,078

\* For 2004, 52.80 mills (30.8% of citywide total) was separately billed 3 months late for the Orleans Parish School Board.

\*\* Due to Hurricane Katrina related legislation, billing was delayed from mid-December 2005 to mid-May 2006.

<u>Tax Year</u>	<u>Total Levied</u>	<u>Collected through December 31, 2010</u>		<u>Balance Due at December 31, 2010</u>		<u>Collected During 2010</u>
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
<i><b>Personal Property Taxes</b></i>						
2001	\$110,058	\$100,619	91.42%	\$9,439	8.58%	\$ 0
2002	105,378	96,730	91.79	8,648	8.21	0
2003	110,691	103,756	93.73	6,935	6.27	0
2004*	115,676	109,234	94.43	6,442	5.57	0
2005	106,354	100,809	94.79	5,545	5.21	0
2006**	99,477	94,683	95.18	4,794	4.82	2,324
2007	82,046	77,560	94.53	4,486	5.47	931
2008	67,548	63,335	93.76	4,213	6.24	1,216
2009	69,935	65,549	93.73	4,386	6.27	2,371
2010	74,530	68,508	91.92	6,022	8.08	68,508

*2005 and prior personal property receivables were considered prescribed and no longer legally enforceable during 2010.*

- \* For 2004, 52.80 mills (30.8% of citywide total) was separately billed 3 months late for the Orleans Parish School Board.
- \*\* Due to Hurricane Katrina related legislation, billing was delayed from mid-December, 2005 to mid-May, 2006.

Source: Department of Finance, City of New Orleans (unaudited).

The City Finance Department reports that, as of June 30, 2011, it has collected a total of \$380,679,459 (unaudited) in property taxes in the calendar year 2011 for the various tax recipient bodies in the Parish.

### **Sales and Other Taxes**

The general 2½% sales and use tax is the City’s largest single source of revenue available to be used to pay operating expenses. In addition, the State of Louisiana, the Regional Transit Authority, and the Orleans Parish School Board levy general sales and use taxes of 4%, 1% and 1½%, respectively, within the boundaries of the City. The total sales tax levied on goods sold or used (excluding hotel and motel rooms) in the City is 9%. The various sales taxes are not levied on the same sales of goods and services and have different related exemptions. Any increase in the City's sales tax rate would require legislative approval and an affirmative vote in a City election.

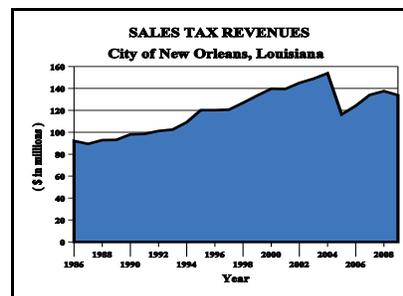
Five public agencies share in the taxation of hotel/motel rooms in the Parish. The rate of taxation of each of the respective agencies is as follows: (a) the State- 2%, (b) the Louisiana Stadium and Exposition District (the “LSED”) - 4%, (c) the City - 1½%, (d) the School Board - 1½% and (e) the Ernest N. Morial-New Orleans Exhibition Hall Authority (the “NOEH”) - 2% (effective October 1, 1980), plus the proceeds from the “hotel/motel tax” and “food and beverage tax” authorized by the voters on November 21, 1987, and effective April 1, 1988, and which serves as security for outstanding special tax bonds of the NOEH.

Effective November 1, 1990, the City began collection of a Hotel Occupancy Privilege Tax upon persons occupying hotel rooms in the City for the purpose of funding tourism promotion by the New Orleans Tourism Marketing Corporation, a nonprofit economic development corporation.

The Constitution prohibits political subdivisions of the State from levying a severance tax, income tax or a tax on motor fuel.

Hurricane Katrina had a significant adverse impact on the collections of the sales and use taxes of the City. The following table shows annual revenues of the City’s general purpose two and one-half percent (2½%) sales and use tax:

<u>Calendar Year</u>	<u>2½% Sales Tax Revenues</u> (\$ in thousands)	<u>Calendar Year</u>	<u>2½% Sales Tax Revenues</u> (\$ in thousands)
1986	\$92,135	1998	\$126,899
1987	89,403	1999	133,490
1988	92,876	2000	139,770
1989	93,063	2001	139,511
1990	98,077	2002	145,009
1991	98,483	2003	148,855
1992	101,221	2004	153,851
1993	102,530	2005	116,339
1994	109,167	2006	124,229
1995	120,229	2007	134,114
1996	120,240	2008	137,581
1997	120,652	2009	133,868
		2010	147,300
		2011	44,700 (As of April)



Sources: Annual Financial Reports, City of New Orleans.

### Default Record

According to the Comptroller of the Governing Authority, the Issuer has never defaulted in the payment of its outstanding bonds.

### Audit Report

Included in Appendix “B” hereto is a copy of the Annual Financial Statements for the fiscal years ended December 31, 2010 and 2009, including the independent Auditor’s report of Deloitte & Touche, LLP, dated as of May 10, 2011. Included in Appendix “D” hereto is a copy of the Annual Statement of the Board of Liquidation for the fiscal year ended December 31, 2010, including the independent Auditor’s report of Paciera, Gautreau & Priest, LLC, Certified Public Accountants, dated as of March 7, 2011. The financial statements which are included in this Official Statement have been included in reliance upon said report; however, the Auditors have not consented to inclusion of the financial statements herein and have not performed any additional review procedures related thereto. The Auditors did not perform any procedures relating to any of the information in this Official Statement.

### Budget

Included in Appendix “C” hereto the Budget of the Audubon Commission for the fiscal year ending December 31, 2011.

## Bank Balances

The Commission reported the following balances in its various bank accounts as of May 31, 2011:

<u>Name of Fund</u>	<u>Balances</u>		
	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Chase Investment	\$1,783,730	\$ --	\$1,783,730
Whitney-Operating	1,741,504	--	1,741,504
Capital One	105,448	--	105,448
Board of Liquidation	1,107	--	1,107
BNY Mellon	--	266,349	266,349
Totals	<u>\$3,631,789</u>	<u>\$266,349</u>	<u>\$3,898,138</u>

Source: Audubon Commission. All figures unaudited.

## ECONOMIC INDICATORS

### Per Capita Personal Income

A comprehensive revision of the estimates of Per Capita Personal Income by State were published in April 2011 by the Bureau of Economic Analysis of the U.S. Department of Commerce. The recent trends in *revised* per capita personal income for Orleans Parish, Louisiana, and the Nation are indicated in the following table:

	<u>Per Capita Personal Income</u>				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Orleans Parish	\$32,705	\$61,086	\$51,478	\$46,941	\$43,006
Louisiana	30,086	33,776	35,789	38,142	37,632
United States	35,424	37,698	39,461	40,674	39,635

Source: U.S. Department of Commerce, Bureau of Economic Analysis. April 21, 2011.

(The personal income level for the United States is derived as the sum of the county estimates; it differs from the national income and product accounts (NIPA) estimate of personal income because by definition, it omits the earnings of Federal civilian and military personnel stationed abroad and others. It can also differ from the NIPA estimate because of different data sources and revision schedules.)

### Employment

The Louisiana Workforce Commission has issued revised not seasonally adjusted annual average statistics for various employment areas within Louisiana. The revised annual average figures for Orleans Parish and Louisiana were reported as follows:

<u>Year</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Parish</u>		<u>National</u>
				<u>Rate</u>	<u>State Rate</u>	<u>Rate</u>
2006	96,236	91,004	5,232	5.4	3.9	4.6
2007	106,995	102,185	4,810	4.5	3.8	4.6
2008	132,610	125,336	7,274	5.5	4.4	5.8
2009	134,407	123,174	11,233	8.4	6.6	9.3
2010	148,632	135,521	13,111	8.8	7.5	9.6

Source: Louisiana Workforce Commission.

The preliminary figures for July 2011 were reported as follows:

*(Updated information from preliminary official statement.)*

<u>Month</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Parish Rate</u>	<u>State Rate</u>	<u>National Rate</u>
7/11	151,155	136,455	14,700	9.7	7.9*	9.3

\* Seasonally adjusted rate was 7.6.

Source: Louisiana Workforce Commission. August 24, 2011.

## Largest Employers

The names of several of the largest employers located in the Parish and their approximate number of local employees were reported as follows:

<u>Employer</u>	<u>Type of Business</u>	<u>Approximate Number of Employees</u>
Tulane University	Higher Education	4,100
Harrah's New Orleans Casino & Hotel	Tourism	2,400+
Children's Hospital	Health Care	1,809
Capital One, National Association	Financial Services	1,614
Whitney Bank	Financial Services	1,600
Vinson Guard Service Inc.	Contract Security Guards/Investigators	1,690
Boh Bros. Construction Co. LLC	General Contractor	1,450
Touro Infirmary	Health Care	1,370
Lockheed Martin Michoud Operations	Aerospace Structures and Applications	1,343
USDA National Finance Center	Financial Services	1,202

Source: New Orleans CityBusiness 2010-2011 Book of Lists.

Note: This list excludes some major employers who declined to supply employment information. The list also excludes State and local governmental employers.

No assurance may be given that any employer listed will either continue to locate in the Parish or maintain employment at the level stated.

The following table shows the composition of the employed work force, not seasonally adjusted, in the Parish for the periods indicated.

**ANNUAL AVERAGE ORLEANS PARISH CONCURRENT ECONOMIC INDICATORS, 2006, 2007, 2008, 2009 AND FOURTH QUARTER 2010** *(All data not seasonally adjusted.)*

<b>ORLEANS PARISH</b>					
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010:4</b>
<b>EMPLOYMENT</b>					
<b>Total</b>	<b>151,936</b>	<b>165,383</b>	<b>172,045</b>	<b>168,587</b>	<b>171,471</b>
Agriculture, Forestry, Fishing, and Hunting	50	60	58	26	18
Mining	3,706	3,659	3,819	3,618	3,045
Utilities	1,305	1,102	1,173	1,163	916
Construction	6,861	5,448	4,793	5,285	5,261
Manufacturing	6,837	7,795	7,642	5,929	4,592
Wholesale Trade	4,459	4,485	4,415	4,002	3,915
Retail Trade	9,611	11,342	12,614	12,284	12,332
Transportation and Warehousing	9,308	8,639	8,412	7,885	7,948
Information	3,454	3,571	4,846	3,033	3,059
Finance and Insurance	5,998	6,078	5,932	5,546	5,496
Real Estate and Rental and Leasing	2,130	2,293	2,266	2,222	2,345
Professional and Technical Services	13,518	13,222	13,663	13,815	14,597
Management of Companies and Enterprises	2,908	3,334	3,374	3,404	3,370
Administrative and Waste Services	10,518	10,975	9,921	9,248	9,224
Educational Services	16,241	18,496	19,582	20,530	21,267
Health Care and Social Assistance	14,276	17,421	19,865	20,858	20,865
Arts, Entertainment, and Recreation	5,161	6,189	6,833	4,696	5,161
Accommodation and Food Services	19,166	23,847	25,146	27,300	30,014
Other Services, except Public Administration	4,217	5,099	5,196	5,046	5,306
Public Administration	11,840	11,681	12,003	12,222	12,422
<b>EARNINGS (\$ in Thousands)</b>					
	<b>Annual</b>	<b>Annual</b>	<b>Annual</b>	<b>Annual</b>	<b>Quarterly</b>
<b>Total</b>	<b>\$7,261,652</b>	<b>\$7,965,849</b>	<b>\$8,593,380</b>	<b>\$8,345,790</b>	<b>\$2,308,496</b>
Agriculture, Forestry, Fishing, and Hunting	1,306	1,473	1,644	651	128
Mining	457,100	469,753	549,370	464,398	107,625
Utilities	77,139	64,362	69,360	75,613	17,264
Construction	364,819	282,102	250,097	282,951	73,294
Manufacturing	376,646	445,808	454,267	371,651	98,176
Wholesale Trade	283,106	291,028	291,788	259,132	66,944
Retail Trade	278,282	326,427	336,659	327,778	87,186
Transportation and Warehousing	497,155	483,659	457,515	438,754	121,189
Information	146,867	158,311	203,641	179,392	47,711
Finance and Insurance	418,783	456,188	446,596	402,903	111,494
Real Estate and Rental and Leasing	83,270	88,747	87,560	87,414	26,547
Professional and Technical Services	887,008	937,507	1,028,595	1,034,419	359,590
Management of Companies and Enterprises	203,179	282,016	287,506	277,857	61,870
Administrative and Waste Services	447,544	450,945	420,591	335,288	117,462
Educational Services	757,067	873,900	1,023,359	1,068,251	263,297
Health Care and Social Assistance	646,536	764,407	912,795	976,605	251,851
Arts, Entertainment, and Recreation	144,628	204,702	280,450	195,013	64,685
Accommodation and Food Services	426,677	537,149	578,725	647,413	185,646
Other Services, except Public Administration	126,176	148,243	162,998	164,896	47,407
Public Administration	622,339	676,065	732,260	740,668	196,221

Source: Louisiana Workforce Commission.

## Housing

The Real Estate Market Data Center for the Institute for Economic Development & Real Estate of the University of New Orleans periodically publishes its *Metropolitan New Orleans Real Estate Market Analysis*, a recent edition being dated June 2011 (the “Analysis”). According to the Analysis, average prices in this sector of the market remain influenced by the presence of flood damaged homes, some of which have been gutted and await repairs while others have undergone reconstruction of varying degrees and extents. This reconstruction activity is now spreading more widely across neighborhoods in both Central and Eastern Sectors of the market as a result of Road Home grants received by qualified property owners. The on-going rebuilding process will continue to influence price patterns as more inventory is added and more typical interactive market patterns return to stabilizing neighborhoods throughout the City.

Single family home prices in the Parish between 2009 and 2010 increased an average of 18.6% from \$214,358 to \$254,309. This was due primarily to strong price appreciation for homes located in traditionally high demand Central Orleans neighborhoods such as Uptown, Lakeview/Lakefront, City Park, French Quarter/Faubourgs and Mid-City. Parish-wide unit sales dropped from 2,245 to 1,950 (13.1%), but aggregate dollar volume rose from \$481.2 to \$495.9 million, or by 3.1% and average days on market fell from 106 to 98. In the Central Orleans sector, however, unit sales edged down slightly from 1,398 to 1,311 but aggregate dollar volume rose 11.7% from \$366.7 to \$409.5 million. This drove up the average price of single family homes sold by just under 19.1% from \$262,298 to \$313,332. Average prices rose in eleven of seventeen MLS neighborhoods, comprising Central Orleans at appreciation rates ranging from 4.2% in Marigny/Bywater (from \$213,881 to \$222,842) to just under 44.8% in the Carrollton area (\$184,185 to \$266,641). Double digit price appreciation for broker assisted sales also occurred in the Garden District (17.6%), the lower Garden District (27.4%) Lakefront (33%) and City Park (13.5%). Among the four neighborhoods with an adequate volume of sales experiencing price compression, the rates of declines ranged from 4.24% in the Ninth Ward/Bywater area (from \$38,194 to \$36,575) to 11.3% in the Delgado MLS area (from \$171,895 to \$152,543).

In Eastern New Orleans, all measures of single family home sale activity headed down through 2010. Unit sales dropped from 539 to 349 (35.3%), aggregate dollar volume skidded from \$61.4 to \$39.3 million (36%), average prices edged down by just under 1.2% (from \$113,856 to \$112,513) and average marketing time extended from 93 days in 2009 to 104 days in 2010 or by just under 12%. In short, there are a number of inherent weaknesses in this sector of the housing market that will take time to rectify as this area continues its long and troubled recovery and rebuilding process. The encouraging signal, despite the less than stellar volume performance, is the sector’s relative average price stability. Three of the area’s sic MLS neighborhoods recorded average prices rising from 4.1% in the West Chef Menteur Highway neighborhood (\$71,143 to \$74,048) to just over 10.7% in the Haynes Boulevard neighborhood where average prices rose \$101,734 to \$112,642.

Sale volumes on the Westbank of Orleans Parish between 2009 and 2010 fell by 5.9% and 11.3% in units and aggregate and aggregate dollar volume, respectively. At the same time, the average price of a single family home dropped another 5.8% from \$172,640 to \$162,649 as average marketing time decreased from 125 to 100 days. Average prices in the Algiers and Lakewood MLS neighborhoods skidded down by 9.7% and 8.5%, respectively, while in the English Turn area average prices recovered somewhat from their rather weak performance during 2009 rising by just under 6.8% (from \$492,938 to \$526,341).

If activity through 2011's first quarter is any indication, the rest of the year could be a rough ride for single family home sales in Orleans Parish. Although both unit and dollar volume sales are outpacing last year's first quarter performance, average prices parish-wide are trending down by just under 7.5%. Price lags when compared to 2010 are most evident on the Westbank (-24.1%) and Eastern New Orleans (-14%) and less so in Central Orleans where average prices are down by just over 4%. Price rollbacks through the first quarter of 2011 appear to be most evident in moderately priced neighborhoods where prospective buyers may find it more difficult to qualify for a loan and require non-traditional financing assistance to complete a home purchase transaction.

## Education

Elementary and secondary education in the Parish is provided by public, charter, parochial and private schools. The trend in the membership at end of session, average daily membership, and average daily attendance of the public schools located in the Parish follows:

<u>Year</u>	<u>Membership End of Session</u>	<u>Average Daily Membership</u>	<u>Average Daily Attendance</u>
1996-97	80,218	82,304.5	74,211.5
1997-98	80,509	81,712.4	73,822.8
1998-99	80,237	80,969.5	73,531.2
1999-00	78,128	79,245.5	74,826.5
2000-01	74,880	75,575.9	70,535.5
2001-02	71,294	71,897.2	66,397.0
2002-03	68,077	68,778.4	63,041.4
2003-04	66,041	66,682.3	61,961.3
2004-05	63,702	63,969.9	59,721.4
2005-06*	10,930	51,305.1	50,634.7
2006-07	25,454	24,705.2	23,929.7
2007-08	31,222	31,476.8	28,551.0
2008-09	35,743	36,279.5	33,288.6

\* Average student counts reflect abnormalities resulting from the disruption of schools from Hurricane Katrina.

Source: *Annual Financial and Statistical Reports*, Louisiana Department of Education.

In addition to the children attending public schools in the City, there are approximately 18,480 students attending private and parochial schools in the City.

According to the state-run New Orleans Recovery School District, an intermediate educational unit created in 2003 pursuant to L. R. S. 17:1990 for the purpose of governing public schools in failing school districts, primarily Orleans Parish, there are 41,800 public school students in the City. The New Orleans Recovery School District of the State of Louisiana Department of Education was created to assist the failing public school system in the Parish.

Institutions of higher education located in the City include:

<b>Fall Enrollment</b>						
<b><u>Institution</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>
University of New Orleans	17,350	11,747	11,363	11,428	12,100	11,724
Tulane University	13,214	10,606	10,333	11,157	11,799	12,622
Loyola University New Orleans	5,500	4,874	4,585	4,634	4,870	4,982
Southern University at New Orleans	3,634	2,314	2,634	3,105	3,163	3,141
Xavier University of Louisiana	4,121	3,012	3,103	3,204	3,320	3,217
Dillard University	1,953	n/a	957	851	1,017	985
Our Lady of Holy Cross College	<u>1,452</u>	<u>1,226</u>	<u>1,259</u>	<u>1,296</u>	<u>1,305</u>	<u>1,297</u>
	<u>47,224</u>	<u>33,779</u>	<u>34,234</u>	<u>35,675</u>	<u>37,574</u>	<u>37,968</u>

Sources: Baton Rouge Business Report. 2009 figures from *The Times-Picayune*.

These seven institutions educate students in fields such as engineering, health care, public administration, urban studies, law, business, psychology, social sciences, communications, nursing, music, computer information systems, criminal justice, pharmacy, education, and theology. In addition, Delgado Community College, with a 2010 Fall enrollment of 16,700, the LSU Health Sciences Center-New Orleans, with a 2010 Fall enrollment of 2,644, and other similar facilities educate persons in various trades. Also, the acute care hospitals previously listed under the “Largest Employers” have research and teaching facilities and staff to educate, train and employ physicians and medical personnel who come from numerous foreign and domestic locations.

**Tourism** The City is a major convention and tourist center. In 2004, the City attracted approximately 10.1 million visitors and in 2010, 8.3 million visitors, reaching 82% of the Pre-Katrina figure. The City’s distinctive music and festivities, including Mardi Gras, all contribute to its attractiveness to tourists.

The City is Number 7 on the list of 2010 top ten cities in the United States and Canada, according to the Travel+Leisure magazine and their annual World’s Best Awards. This is the first time since Hurricane Katrina that the City has been named to the list.

The **Aquarium of the Americas** (the “Aquarium”) is a three story structure of approximately 168,104 gross square feet housing more than one million gallons of fresh and salt water. Visitors can view 66 separate aquarium displays ranging from 500 gallons to 500,000 gallons. Adjacent to the Aquarium is the Entergy/IMAX Theatre containing approximately 60,000 square feet of enclosed building space. The Aquarium is located at the foot of Canal Street in the French Quarter area of the City. The Aquarium is dedicated to the conservation and exploration of aquatic environments of the western hemisphere and adjacent waters. Thousands of specimens of marine life representing several hundred species are presented in exhibits at the Aquarium.

Over 10,000 specimens of marine life representing 530 species are presented in exhibits at the Aquarium.

Attendance at the Aquarium of the Americas was as follows:

<u>Month</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
January	0	29,547	34,675	42,586	34,590	41,347
February	0	26,066	36,656	37,392	39,394	38,369
March	0	55,848	71,772	74,174	72,136	66,228
April	0	63,039	66,726	78,699	82,333	81,008
May	20,328	63,681	71,433	79,700	78,144	74,801
June	58,674	73,068	77,852	94,414	90,002	
July	73,330	86,921	96,297	111,407	114,705	
August	44,492	60,024	54,159	67,556	69,753	
September	27,641	36,103	19,710	36,672	44,225	
October	25,716	31,370	28,902	40,071	38,492	
November	24,923	32,096	35,780	34,918	37,903	
December	<u>29,887</u>	<u>38,000</u>	<u>37,234</u>	<u>39,212</u>	<u>44,966</u>	
	<u>304,991</u>	<u>595,763</u>	<u>631,196</u>	<u>736,801</u>	<u>746,643</u>	<u>301,753</u>

Attendance at the IMAX Theatre was as follows:

<u>Month</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
January	0	15,526	16,616	13,341	8,984	11,119
February	0	13,032	15,258	14,417	10,846	11,688
March	0	26,076	32,502	30,663	27,072	22,700
April	0	32,554	30,163	35,695	28,937	27,232
May	4,619	33,747	36,828	35,084	30,296	25,056
June	17,990	35,363	31,195	34,156	28,357	
July	26,878	38,541	40,165	39,573	37,308	
August	14,564	22,801	20,302	21,089	17,988	
September	16,105	14,511	6,890	12,122	11,285	
October	12,652	17,636	11,617	12,782	10,973	
November	14,264	15,207	13,361	10,542	11,858	
December	<u>17,470</u>	<u>17,568</u>	<u>14,936</u>	<u>11,347</u>	<u>13,537</u>	
	<u>124,542</u>	<u>282,562</u>	<u>269,833</u>	<u>270,811</u>	<u>237,441</u>	<u>97,795</u>

The **Audubon Insectarium** (the “Insectarium”) is located at the historic U.S. Custom House on Canal Street in downtown New Orleans. At over 23,000 square feet of space, the Insectarium is North America’s largest free-standing museum celebrating 1 million known species of insects and their relatives. Visitors can experience unique and creative experiences at the Insectarium in one-of-a-kind, highly-interactive exhibits. There are approximately 100 live arthropod species throughout the Insectarium, as well as alligators and a variety of fish. The Insectarium consists of 13 gallery rooms containing more than 70 live animal enclosures, 30 mounted specimen cases and a multisensory immersive theater experience.

Attendance at the Insectarium was as follows:

<u>Month</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
January				11,647	9,963	8,664
February				9,847	11,713	10,494
March				23,319	22,596	19,152
April				28,395	24,016	23,340
May				27,517	24,220	18,857
June			30,968	32,441	26,221	
July			42,052	39,642	34,126	
August			25,949	22,633	17,950	
September			6,027	12,309	10,341	
October			9,193	13,039	9,614	
November			13,621	11,778	9,975	
December			12,920	14,586	14,344	
			<u>140,730</u>	<u>247,153</u>	<u>215,079</u>	<u>80,507</u>

The **Audubon Zoo** (the “Zoo”) encompasses 58 developed acres housing hundreds of species of animals in naturalistic habitats. Visitors can experience a mix of exotic animals from all around the world, as well as hands-on animal encounters, engaging educational programs, lush gardens, and animal-themed amenities. The Zoo is located on the 6500 block of Magazine Street in historic uptown New Orleans. The Zoo is committed to wildlife conservation and dedicated to highlighting the importance of protecting endangered species and supporting these many conservation efforts under way at Audubon Nature Institute. Over 2,000 of the world’s rarest animals are on display, ranging from amphibians to terrestrial invertebrates to mammals to reptiles.

Attendance at the Audubon Zoo was as follows:

<u>Month</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
January	20,692	20,747	23,122	35,108	22,785	26,092
February	11,282	31,019	47,177	43,857	35,725	50,210
March	70,702	86,438	119,844	109,295	122,678	104,375
April	73,350	84,695	92,650	125,021	125,476	142,484
May	62,853	78,938	84,984	101,388	88,063	104,722
June	46,374	67,305	50,493	67,873	62,653	
July	32,343	43,123	51,650	56,580	57,957	
August	24,901	24,411	27,033	47,074	26,524	
September	31,332	39,220	24,781	34,749	43,706	
October	48,920	59,287	66,136	62,237	90,964	
November	52,267	59,724	59,825	63,993	59,597	
December	25,045	33,779	36,112	29,659	35,290	
	<u>500,061</u>	<u>628,686</u>	<u>683,807</u>	<u>776,834</u>	<u>771,418</u>	<u>427,883</u>

Source: Audubon Commission.

The **Louisiana Superdome** (the “Superdome”) is an architecturally unique multi-purpose facility located adjacent to the New Orleans Central Business District. It was completed in August 1975 and was once the largest enclosed stadium arena in the world. It has a seating capacity of approximately 73,000, depending upon the seating configuration used, and can accommodate athletic events as well as conventions, trade shows, major exhibits, circuses and other large public meetings. Exhibition space on the Superdome floor totals 162,434 square feet and there are also six club rooms with a total of 74,068 square feet, 12 meeting rooms and parking facilities for approximately 5,000 automobiles and 250 buses. The Superdome recently completed \$85 million

in enhancements. The Superdome's major tenant is the **New Orleans Saints**, a National Football League professional football team. In 2010, the New Orleans Saints won Super Bowl XLIV with a victory over the Indianapolis Colts. The Saints have played their home games, with the exception of the 2005 season, in the Superdome since its completion in 1975. Since Hurricane Katrina, the Superdome has been substantially renovated inside with improvements adding comfort and luxury to the stadium. The Superdome was recently named as the host of the 2012 NCAA Men's Final Four and the 2013 NFL Super Bowl.

In addition, the **New Orleans Arena**, a \$110 million sports and entertainment facility on a 13 acre site south of the Louisiana Superdome, opened on October 30, 1999. The arena has a floor area of approximately 24,650 square feet of column-free space, and approximately 18,500 padded armchair seats which are adaptable for specific events, including basketball, hockey and concerts. The permanent ice facility measures approximately 85 feet by 200 feet. **The Hornets**, a National Basketball Association professional basketball team, and other basketball games are played in the Arena, along with the **New Orleans Voodoo**, an Arena Football League professional football team, concerts, family shows and other entertainment.

The **National World War II Museum**, formally the **D-Day Museum**, is an attraction with great attendance. The quality of the exhibits is generally considered to be excellent. Veterans from every military service have attended this world class facility. For additional information, see <http://www.ddaymuseum.org>.

Tourism in the City not only includes conventions but also major events such as **Mardi Gras**, the **Jazz and Heritage Festival**, **Voodoo Fest**, the **Essence Music Festival**, the **Bayou Classic football game**, the **New Orleans Bowl**, the **Sugar Bowl**, and periodically, the **Super Bowl**, which will be in the City in 2013. Adults may continue to find entertainment in the river boat and land based **casinos** located in the area. Churchill Downs Inc. owns the Fair Grounds Race Course, a horse racing facility that includes 606 reel and video games.

**Conventions** The City has ranked among the top five cities nationwide as a destination city for conventions and is the 6<sup>th</sup> largest convention center in the nation. Convention attendance in the Greater New Orleans area increased dramatically since 1981, but has struggled to recover since Hurricane Katrina. The construction of large facilities such as the Ernest N. Morial Convention Center (the "Convention Center"), the newly renovated Louisiana Superdome, and hotels including over 1,000 public meeting rooms permitted growth.

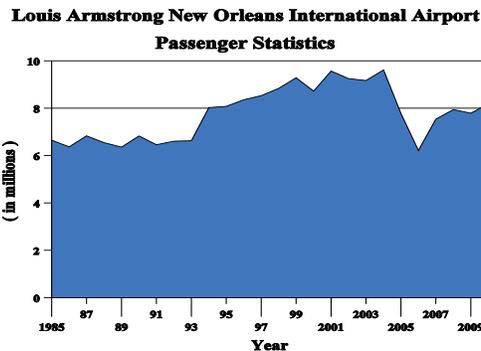
The Convention Center was planned and operated as part of the 1984 World Exposition and opened for convention activity in January 1985. The Convention Center has accommodated major conventions and trade shows that have brought delegates, spouses and guests to the City. The Convention Center underwent a \$60 million renovation after Katrina that included new flooring and furnishings on all three levels, premium design and architectural finishes, upgraded lighting, high speed wi-fi, a 4,000 seat Conference Auditorium, 12 separate/combinable exhibit halls, and 140 meeting rooms. A \$50 million renovation project on the Convention Center will begin December 2011.

**Airport** The **Louis Armstrong New Orleans International Airport** (the “Airport”) is the principal source of transportation of the millions of visitors who come to the City annually. The number of domestic passengers (enplaned and deplaned) rose from approximately 6.6 million in 1985 to approximately 9.6 million in 2004. Since then, the number of domestic passengers has declined to approximately 8.2 million in 2010. In 2004, approximately 4.9 million passengers were enplaned at the Airport. Enplanements drastically decreased in the final four months of calendar year 2005 following Hurricane Katrina, and only reached 3.9 million. Katrina disrupted normal operations at the Airport until September 13, 2005, when it reopened to commercial flights. In the days after the storm, approximately 5,000 military and civilian personnel were based at the Airport. During this period, activity was restricted to humanitarian flights and rescue missions, and one Airport concourse was used as a makeshift medical center to treat sick and injured evacuees. In 2005, the total number of passengers equaled approximately 6,218,419, compared to approximately 7,967,997 in 2008, or an increase of approximately 27.8%. The number of passengers decreased in 2009 but increased again in 2010 to 8,183,511.

The Airport is currently served by the following domestic carriers: American Airlines; Air Tran Airways; Continental Airlines; Delta Air Lines; Frontier; JetBlue; Midwest; Southwest Airlines; United Airlines; and US Airways. Of these, Southwest accounts for approximately 31% of the Airport’s passenger market and is classified as the largest carrier at the Airport. Prior to Hurricane Katrina, the Airport averaged 166 flights daily to 42 cities with approximately 21,000 seats. In December 2005, the Airport had 56 flights daily to 21 cities. In 2010, the Airport offered 131 daily departures to 37 cities across the United States, with an average daily seat capacity of 15,084.

The Airport is also currently served by the following international carriers: Aeromexico; Air Canada; and WestJet.

Domestic freight and mail is handled at the Airport by American; Continental; Delta; Frontier; Southwest; United; US Airways; Federal Express; and UPS. Air Cargo for 2004 totaled approximately 80,938.35 metric tons, compared to approximately 52,603.10 metric tons that was handled in 2010.



**Port** The Board of Commissioners of the Port of New Orleans (the “Dock Board”) is authorized and empowered under the Constitution and laws of the State of Louisiana, to administer the public wharves, docks, sheds, and landings of the port of New Orleans which are owned and operated, or which may be purchased, acquired, or operated by the Dock Board; to construct new wharves and other structures when necessary; to erect sheds and other structures on such wharves and landings; to place and keep these wharves and landings, sheds, and other structures in good condition; to provide mechanical facilities for the use of such wharves, landings, sheds, and other structures; to finance, erect, and operate all basins, locks, canals, and warehouse elevators, and to charge for the use of all facilities administered by it, and for all services rendered by it, such fees, rates, tariffs, or other charges as it may establish. The Dock Board may issue revenue bonds for any authorized purpose payable out of the income, revenues, and receipts derived or to be derived from the properties and facilities owned, leased, mortgaged, or pledged to, maintained or operated by the Dock Board or received by the Dock Board from these properties and facilities, or from contracts or agreements relating to these properties and facilities, including but not limited to lease or sublease agreements, sale agreements, loan agreements, pledge agreements, or other financing agreements.

The Port currently has two distinct cruise terminals, Carnival Cruises and Norwegian Cruise Line, which both have Caribbean cruises from the City. Once a year, the American Canadian Carribean Line provides two 14 days cruises from the Port, traveling to and from Mid-America and the Gulf. In 2010, there were 500,000 cruise passengers, which is still well below the record 750,000 for 2004, the last full year before Hurricane Katrina.

The Port intends to renovate the Gov. Nicholls Street Wharf for use by New Orleans Cold Storage, a major poultry exporter. New Orleans Cold Storage is moving because the Army Corps of Engineers has closed the Mississippi River Gulf Outlet (the “MR-GO”) entirely to reduce wear on the surrounding marshes, which protect St. Bernard Parish from hurricane damage. The closure of the MR-GO has resulted in one company, CG Railways, moving their operations to Mobile, Alabama. In addition, Southern Scrap Material Co. and Bollinger Shipyards have also begun moving some of their operations. In addition to its new terminal at France Road, Seaboard Marine Inc. of Miami, which bases three ships in the City, plans a long-term lease of the Port’s France Road Container Terminal, closed since Hurricane Katrina. Seaboard carries cargo to many smaller ports in Central America, so uses ships small enough to fit through the 84 year old lock on the nearby Industrial Canal.

The Port was recently rewarded with contracts for renovations and expansion to the Julia Street Cruise Terminal and modifications to the Julia Street Wharf and substructure. The expanded terminal will be home to Royal’s Carribean’s Voyager of the Seas, the largest cruise ship to ever call on the Port.

The activity at the Port for the last six years is reflected in the following cargo statistics:

**Port of New Orleans  
Tonnage Summary  
For the Year Ended December 31  
(Short Tons)**

	2005	2006	2007	2008	2009	2010
<b>GENERAL CARGO</b>						
Container (Board-owned)	2,565,879	2,344,186	3,121,022	2,953,231	3,089,271	3,796,548
General Cargo (Non-container Board owned)	<u>4,035,504</u>	<u>5,753,085</u>	<u>3,673,343</u>	<u>2,836,283</u>	<u>2,534,069</u>	<u>2,258,685</u>
Total General Cargo (Board-owned)	6,601,383	8,097,271	6,794,365	5,789,514	5,623,340	6,055,233
General Cargo (Non-Board private facilities)	<u>1,172,614</u>	<u>1,283,180</u>	<u>617,663</u>	<u>199,003</u>	<u>309,690</u>	<u>412,681</u>
Total General Cargo	7,773,997	9,380,451	7,412,028	5,988,517	5,933,030	6,467,914
<b>BULK CARGO</b>						
Bulk (Board-owned)	35,305	84,944	25,907	29,980	48,164	90,486
Export Grain (Non-Board private facilities)	6,689,888	8,621,478	8,063,948	7,145,417	7,833,099	7,714,242
Other Bulk (Non-Board private facilities)	<u>10,713,396</u>	<u>11,353,731</u>	<u>11,870,605</u>	<u>13,117,581</u>	<u>13,468,680</u>	<u>16,453,107</u>
Total Bulk Cargo	17,438,589	20,060,153	19,960,460	20,292,978	21,349,943	24,257,835
<b>TOTAL CARGO (Board-owned and non-private facilities)</b>	<u><u>25,212,586</u></u>	<u><u>29,440,604</u></u>	<u><u>27,372,488</u></u>	<u><u>26,281,495</u></u>	<u><u>27,282,973</u></u>	<u><u>30,725,749</u></u>
Container Count in TEU's	203,411	175,905	250,649	235,324	229,067	280,757
Ship Calls	1,500	1,682	1,503	1,480	1,457	1,464

Notes:

- A short ton is equal to 2,000 pounds.
- A TEU represents a twenty foot equivalent unit.
- Hurricane Katrina occurred in 2005.

Source: Board of Commissioners of the Port of New Orleans.

**Port of New Orleans**  
**Leading Inbound/Outbound Cargoes**  
**Calendar Years 2004 to 2009**  
**--- (General Cargo Only) ---**  
**(Short Tons)**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Inbound Cargo:</b>						
Iron & Steel	2,498,008	4,150,733	2,141,061	1,450,895	1,242,537	1,373,927
Aluminum	355,036	376,707	221,407	170,381	344,400	148,972
Natural Rubber	332,391	413,948	364,715	265,946	258,578	337,422
Forest Products	286,774	369,195	291,748	247,047	180,763	185,865
Coffee	195,776	209,042	217,634	245,016	294,779	277,032
<b>Outbound Cargo:</b>						
Forest Products	421,027	327,410	551,879	434,772	397,178	484,741
Poultry	174,226	123,535	261,056	253,138	263,842	259,750
Resin, Plastic, Synthetic Rubber	132,849	191,190	363,801	307,073	389,708	615,942
Pesticides	128,606	82,092	125,188	139,452	110,728	160,689
Titan Dioxide, Cadmi Pigment	56,422	84,806	174,623	153,228	194,791	214,513
<b>Port-wide Container Units</b>	<b>133,928</b>	<b>120,313</b>	<b>162,995</b>	<b>153,699</b>	<b>156,537</b>	<b>186,989</b>
<b>PORT-WIDE TEUS</b>	<b>203,411</b>	<b>175,905</b>	<b>250,649</b>	<b>235,324</b>	<b>229,067</b>	<b>280,757</b>

Source: Board of Commissioners of the Port of New Orleans.

**APPENDIX "B"**

**AUDUBON COMMISSION  
AUDITED FINANCIAL STATEMENTS FOR  
THE YEARS ENDED  
DECEMBER 31, 2010 AND 2009**

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# Audubon Commission

(A Discretely Presented Component Unit of  
the City of New Orleans, Louisiana)

Basic Financial Statements as of and for the  
Years Ended December 31, 2010 and 2009,  
Additional Information as of and for the  
Year Ended December 31, 2010, and  
Independent Auditors' Reports

**AUDUBON COMMISSION**  
**(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Audubon Commission:

We have audited the accompanying statements of net assets of the Audubon Commission (the "Commission"), a discretely presented component unit of the City of New Orleans, Louisiana, as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2011, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplemental information is the responsibility of the Commission's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods

of measurement and presentation of the required supplementary information. However, we did not audit the information and we do not express an opinion on it.

Our audits were conducted for the purpose of forming opinions on the Commission's basic financial statements. The additional combining information for 2010 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the Commission's management. The additional combining information has been subjected to the auditing procedures applied in the audit of the 2010 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2010 basic financial statements taken as a whole.

*Deloitte & Touche LLP*

May 10, 2011

**AUDUBON COMMISSION**  
**(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Unaudited)**

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The discussion and analysis of the Audubon Commission's (the "Commission") financial performance provides an overall review of the Commission's financial activities for the years ended December 31, 2010 and 2009. It should be read in conjunction with the basic financial statements in this report.

**Overview of the Financial Statements**

This annual report consists of five components — the Management's Discussion and Analysis (this section), the Independent Auditors' Report, the Basic Financial Statements, the Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, and Additional Information.

The *Basic Financial Statements* of the Commission report the financial position of the Commission and the results of its operations and its cash flows. The basic financial statements are prepared on the accrual basis of accounting.

The *Statement of Net Assets* includes all of the Commission's assets and liabilities and provides information about the Commission's investments in resources (assets) and its obligations to the Commission's creditors (liabilities). It also provides information on the capital structure of the Commission, and the liquidity and financial flexibility of the Commission.

The *Statement of Activities* reports on the current year's performance of the Commission's operations.

The *Statement of Cash Flows* provides information on the Commission's cash from operating and capital and related financing activities.

The *Notes to Basic Financial Statements* provide information that is essential in order to gain a full understanding of the data in the basic financial statements.

The *Additional Information* section provides information on the Combining Statement of Net Assets, Combining Statement of Activities and Combining Statement of Cash Flows.

The *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*, briefly discusses the Commission's compliance and internal control that could affect the financial statements amounts.

## Financial Highlights

- Net Assets increased in 2010 by \$790,710 or 0.9% over 2009. In 2009 net assets decreased by \$3,219,398 or 3.5% over 2008.
- Additions to Capital Assets totaled \$4,490,876 and \$4,109,773 in 2010 and 2009, respectively.
- Long-term Liabilities decreased by \$5,995,770 and \$2,830,310 in 2010 and 2009 respectively due to payments of debt service on bonds payable and also due to the reduction of the inter-company debt between the Audubon Nature Institute, Inc. (the "Institute") and the Audubon Commission. The Institute has committed to the Commission that it has the intent and ability to continue funding the operations of the Commission through operating advances, donations and grants. The Institute has no plans in the next 12 months to demand payment on the amounts receivable from the Commission at December 31, 2010.

## Audubon Commission Operating Facilities Net Results for the Year Ended December 31, 2010 with Prior Years and Budget Comparisons

	Actual 2010	Actual 2009	Actual 2008	Budget 2010	Budget 2009
	(In thousands)				
Aquarium/IMAX Woldenberg Riverfront Park	\$ 4,268	\$ 4,078	\$ 5,067	\$ 3,877	\$ 3,799
Audubon Zoo and Park & Audubon Golf Course	(3,303)	(3,004)	(4,279)	(3,067)	(3,031)
Research Center/Species Audubon Insectarium	(186)	(565)	(216)	(408)	(463)
Survival Center	(624)	(504)	(767)	1	(258)
Nature Center	21		(7)		
Total operations*	176	5	(202)	<u>\$ 403</u>	<u>\$ 47</u>
Net capital income and expense	<u>615</u>	<u>(3,224)</u>	<u>(2,717)</u>		
Change in net assets	<u>\$ 791</u>	<u>\$ (3,219)</u>	<u>\$ (2,919)</u>		

\*Excludes capital revenues and expenditures, and the depreciation associated with buildings and fixed exhibitory.

## Condensed Statement of Activities

	Year Ended December 31			Change 2009 to 2010	Change 2008 to 2009
	2010	2009	2008		
Operating revenues	\$ 34,977,094	\$ 34,506,824	\$ 32,356,072	\$ 470,270	\$ 2,150,752
Operating expenses	<u>48,677,757</u>	<u>48,778,001</u>	<u>51,053,406</u>	<u>(100,244)</u>	<u>(2,275,405)</u>
Operating loss	(13,700,663)	(14,271,177)	(18,697,334)	570,514	4,426,157
Nonoperating revenues — net	<u>14,491,373</u>	<u>11,051,779</u>	<u>15,777,664</u>	<u>3,439,594</u>	<u>(4,725,885)</u>
Change in net assets	790,710	(3,219,398)	(2,919,670)	4,010,108	(299,728)
Beginning net assets	<u>89,506,600</u>	<u>92,725,998</u>	<u>95,645,668</u>	<u>(3,219,398)</u>	<u>(2,919,670)</u>
Ending net assets	<u>\$ 90,297,310</u>	<u>\$ 89,506,600</u>	<u>\$ 92,725,998</u>	<u>\$ 790,710</u>	<u>\$ (3,219,398)</u>

## Comments on Condensed Statement of Revenues, Expenses and Changes in Net Assets

### Operating Revenues and Expenses —

#### Revenues —

- Operating revenues increased by \$470,000 and \$2.15 million in 2010 and 2009 respectively. The 2009 increase was due to an increase in attendance at all facilities.
- 1.97 million guests visited Audubon Zoo, Audubon Aquarium of the Americas, Entergy IMAX Theatre and Audubon Insectarium in 2010 compared to 2.03 million in 2009. Admissions revenues contributed \$13.95 million to operations in 2010, a decrease of \$327 thousand compared to 2009. The 2010 decrease can be mainly attributed to the Macondo Well oil spill in the Gulf of Mexico, which negatively impacted our regional market as well as tourism throughout the summer.
- Other operating revenues in 2010 include the reimbursement of costs incurred in managing and operating the 24/7 critical care unit set up for marine animals rescued during the Gulf of Mexico oil spill of 2010. Other operating revenues in 2010 also include FEMA reimbursements of \$410,000 that relate to Hurricane Katrina and Gustav.

#### Expenses —

- Audubon continued to monitor, control and reduce material costs, supplies, and contractual services in 2010, resulting in a decrease of \$249,000 in related operating expenses from 2009.
- In 2010, an increase of \$359,000 in salaries and benefits was mainly due to the increased costs of medical insurance and other fringe benefits as well as additional costs related to managing and operating the 24/7 critical care unit set up for marine animals rescued during the oil spill.

### Non-Operating Revenues —

- Dedicated tax revenues increased by \$743,850 in 2010 compared to 2009. In 2009 the tax revenues decreased by \$58,026 compared to 2008.

- Private and government grants and donations for capital projects, education programs and operating support increased in 2010 from 2009 by \$1,373,052 and in 2009 they decreased by \$4,497,763 compared to 2008 mainly due to the completion of the Insectarium capital project in 2008.

### Audubon Commission — Net Capital Assets

	<b>Beginning Balance 2009</b>	<b>Additions</b>	<b>Depreciation/ Disposals</b>	<b>Ending Balance 2010</b>
Aquarium and Riverfront Park	\$ 46,222,387	\$ 936,245	\$ (3,032,380)	\$ 44,126,252
Audubon Insectarium	23,042,760	7,418	(1,347,598)	21,702,580
Audubon Zoo & Park	46,154,620	3,216,130	(2,833,684)	46,537,066
Audubon Golf Course	9,303,501	282,252	(363,636)	9,222,117
Survival Center/ Research Center	14,979,941	48,831	(800,491)	14,228,281
Louisiana Nature Center	_____	_____	_____	_____
Total	<u>\$ 139,703,209</u>	<u>\$ 4,490,876</u>	<u>\$ (8,377,789)</u>	<u>\$ 135,816,296</u>

	<b>Beginning Balance 2008</b>	<b>Additions</b>	<b>Depreciation/ Disposals</b>	<b>Ending Balance 2009</b>
Aquarium and Riverfront Park	\$ 48,891,197	\$ 402,073	\$ (3,070,883)	\$ 46,222,387
Audubon Insectarium	24,376,158	13,279	(1,346,677)	23,042,760
Audubon Zoo & Park	45,247,081	3,674,442	(2,766,903)	46,154,620
Audubon Golf Course	9,644,397	10,679	(351,575)	9,303,501
Survival Center/ Research Center	15,803,574	9,300	(832,933)	14,979,941
Louisiana Nature Center	_____	_____	_____	_____
Total	<u>\$ 143,962,407</u>	<u>\$ 4,109,773</u>	<u>\$ (8,368,971)</u>	<u>\$ 139,703,209</u>

## Audubon Commission — Condensed Statement of Net Assets

	2010	2009	2008	Change 2009 to 2010	Change 2008 to 2009
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 765,093	\$ 1,533,225	\$ 1,134,813	\$ (768,132)	\$ 398,412
Accounts receivable	1,000,196	692,844	1,013,228	307,352	(320,384)
Inventory	1,450,039	1,630,122	1,566,690	(180,083)	63,432
Prepaid items	1,004,761	866,112	1,507,035	138,649	(640,923)
Restricted assets	3,475,046	2,142,270	2,325,653	1,332,776	(183,383)
Nondepreciable capital assets	4,109,943	1,519,300	3,334,035	2,590,643	(1,814,735)
Depreciable capital assets — net	131,706,353	138,183,909	140,628,372	(6,477,556)	(4,259,198)
Other assets	10,268,866	11,433,622	12,383,134	(1,164,756)	(949,512)
<b>Total assets</b>	<b>\$ 153,780,297</b>	<b>\$ 158,001,404</b>	<b>\$ 163,892,960</b>	<b>\$ (4,221,107)</b>	<b>\$ (5,891,556)</b>
<b>LIABILITIES:</b>					
Accounts payable	\$ 6,173,554	\$ 5,429,455	\$ 5,384,519	\$ 744,099	\$ 44,936
Due to the Institute					
Payables from restricted assets	4,164,753	3,924,899	3,811,683	239,854	113,216
Long-term liabilities	53,144,680	59,140,450	61,970,760	(5,995,770)	(2,830,310)
<b>Total liabilities</b>	<b>\$ 63,482,987</b>	<b>\$ 68,494,804</b>	<b>\$ 71,166,962</b>	<b>\$ (5,011,817)</b>	<b>\$ (2,672,158)</b>
<b>NET ASSETS:</b>					
Invested in capital assets	\$ 89,953,980	\$ 88,249,718	\$ 91,617,917	\$ 1,704,262	\$ (3,368,199)
Unrestricted	343,330	1,256,882	1,108,081	(913,552)	148,801
<b>Total net assets</b>	<b>\$ 90,297,310</b>	<b>\$ 89,506,600</b>	<b>\$ 92,725,998</b>	<b>\$ 790,710</b>	<b>\$ (3,219,398)</b>
<b>Total liabilities and net assets</b>	<b>\$ 153,780,297</b>	<b>\$ 158,001,404</b>	<b>\$ 163,892,960</b>	<b>\$ (4,221,107)</b>	<b>\$ (5,891,556)</b>

### Comments on the Statement of Net Assets

- The net capital assets decrease of \$3,886,913 in 2010 is due to the increase in capital asset additions \$4,490,876 offset by the depreciation and disposals of \$8,377,789. The net capital assets decrease of \$4,259,198 in 2009 from 2008 is due to an increase in capital asset additions of \$4,109,773, offset by depreciation and disposals of \$8,368,971.
- Long-term liabilities decreased by \$5,995,770 in 2010 from 2009 due to payments of debt service on bonds payable and due to the reduction of the inter-company debt between the Audubon Nature Institute and the Audubon Commission. They also decreased in 2010 as only interest was added to the Gulf Zone Bond liability. Long-term liabilities decreased by \$2,830,310 in 2009 from 2008 due to payments of debt service on bonds payable and also due to the reduction of the inter-company debt between the Institute and the Commission.

## General Overview

### Audubon - 2010

In 2010, Audubon remained committed to providing outstanding guest experiences, educational opportunities, and preserving the wonders of nature. With this mission at the heart of all we do, Audubon achieved great success and was able to devote much of 2010 to developing projects for the future. The combined attendance of the Zoo, Aquarium, IMAX®, and Insectarium totaled 1.97 million guests, down 3% from 2009. The Aquarium trended up, with 746,643, while the other facilities were all slightly down (Zoo saw 771,418, Insectarium 215,079 and IMAX 237,441). Total revenues exceeded \$13.95 million, which was approximately 6.8% below budget and 2.29% lower than 2009. We believe that the decrease is attributable largely to the Macondo Well Oil Spill in the Gulf of Mexico, which negatively impacted our regional market as well as tourism throughout the summer. Audubon looks to the future with optimism, ready to embark on new adventures and meet the challenges ahead.

### Major Achievements

- The **Louisiana Marine Mammal and Sea Turtle Rescue Program (LMMSTRP)**, coordinated by Audubon Aquarium of the Americas, became the 24/7 critical care unit for animals rescued during the 2010 Deepwater Horizon oil spill crisis in the Gulf of Mexico. The LMMSTRP team of aquarists, veterinarians, and volunteers has cared for 205 sea turtles and 3 dolphins since the oil spill. Their extraordinary efforts enabled the safe return of 172 sea turtles to the Gulf of Mexico last year. 30 sea turtles and one dolphin remain in Audubon's care awaiting return to the wild.
- **Audubon Insectarium's** second full year of operation brought a successful inspection from the U.S. Department of Agriculture, giving the thumbs up to continue importing, breeding, and displaying bugs from around the world. The Insectarium offered exciting encounters with exotic insects and unique experiences to visitors. Featured on the Discovery Channel and National Geographic TV, Audubon Insectarium shined in the national spotlight.
- Audubon neared completion of two major projects in 2010. ***Cool Zoo, a wild and wet splash park***, which opened April 2011, provides a unique place for families to cool off while at the Zoo. ***Parakeet Pointe***, opened March 2011, surrounds Aquarium guests with over 1,000 colorful birds.
- With an eye on the future, construction began on the new **state-of-the-art elephant barn and paddock** and planning moved forward for the major restoration projects in **Woldenberg Riverfront Park**. The new elephant barn will dramatically increase the size of the Zoo's elephant facility and provide our Asian Elephants with a much larger stomping ground. The Woldenberg Riverfront Park project, funded by a \$4.5 million grant from the State of Louisiana Office of Community Development Disaster Recovery Unit, includes wharf, landscaping, and sculpture repair to address Hurricane Katrina damage.
- Audubon Aquarium of the Americas celebrated **Double Decades of Discoveries** with its 20<sup>th</sup> birthday. In the two decades since opening, the Aquarium has welcomed over 20 million visitors. **Scales & Ales**, the combination fundraiser and birthday party, raised over \$65,000 for LMMSTRP.
- With 18 proven world's firsts in technology-assisted births of vanishing animals, Audubon Center for Research of Endangered Species continued to capture attention in 2010 as **60 Minutes** featured the Research Center in a June report by Lesley Stahl. The **BBC** also filmed at the Research Center for **Nature's Miracle Babies** special to air in 2011.

- Audubon Membership swelled in 2010, as the value proposition became even more attractive with the added benefit of \$5 member admission to both Audubon Insectarium and Entergy IMAX Theatre. Membership purchases were also spurred by news of the new Parakeet Pointe exhibit at Audubon Aquarium of the Americas and Cool Zoo splash park at Audubon Zoo – both debuting early 2011. Gross revenue for 2010 totaled \$3,523,749 or 3% better than budget and 6% better than actual 2009 sales. Net revenue was also ahead of both 2010 budget and 2009 actual. Member households, while fluctuating throughout the year due to renewal cycles, numbered more than 29,750 in 2010.
- Audubon Catering earned the **Green Catering certification** by the Green Restaurant Association by meeting or exceeding the association’s stringent certification standards in seven areas: disposables, energy, food, furnishings and building materials, pollution and chemical reduction, waste, and water.

### New Arrivals & Programs

- During 2010, the Zoo welcomed several animals to the Audubon family including **Bandia** a Western lowland gorilla, an endangered drill baboon, a male Komodo Dragon, and two maned wolves. The Zoo also celebrated the births of two monkeys, a howler and a spot-nosed guenon, as well as endangered Amur Leopard cub, flamingos, and two rare blue-crowned laughingthrush chicks.
- One of ten on exhibit in the world, **Buzz**, the smalltooth sawfish, joined the Gulf of Mexico exhibit along with new red snapper, cobia, and a 300-pound stingray at Audubon Aquarium of the Americas in November.
- Audubon has taken conservation to a new level. Developed in 2010, **Conservation Station** is a garden providing food for our animals as well as a new way to educate the community. Audubon’s Horticulture team began to produce and sell **Zoo Doo Gold** compost made up of everything from spent flowers to shredded office paper. The entire Audubon family is looking for ways to reduce, reuse, and recycle everyday.
- Audubon has continued to strengthen social media initiatives, adding fans, friends, and followers every day. At year end, our social network included more than 30,000 **Facebook** friends, 3,000 **Twitter** followers, and over 80,000 e-mail subscribers.

### **Audubon - 2009**

Audubon approached 2009 with cautious optimism. We were committed to providing unparalleled opportunities to experience nature, yet we knew that every decision would have great consequence against a backdrop of economic uncertainty. With constant monitoring of critical operating accounts and the resourcefulness of our dedicated staff, we surpassed expectations. The combined attendance of the Zoo, Aquarium and IMAX® of 1.78 million guests exceeded budget and 2008 attendance total by 12.5%, while the facilities’ admissions revenue of \$12.1 million exceeded budget by 14% and 2008’s total by 16.6%. Attendance was 82% of 2004 (pre-Katrina) visitation, and revenue was 87% of 2004 (pre-Katrina) total. An additional 247,153 guests visited Audubon Insectarium, generating \$2.18 million in operating revenue. Audubon ended the year well-positioned to meet the challenges of the next decade.

## Major Achievements

- Audubon Insectarium celebrated its **first “ANT-iversary”** as it delighted visitors of all ages with the fascinating world of insects and invertebrates. The Insectarium was selected from 120 nominations to receive a 2009 Thea Award for *Outstanding Achievement in a Science Center* from the Themed Entertainment Association. Pauline Frommer included the Insectarium among *Five Museums You AND Your Kids Will Enjoy*, featured on *CNN.com*.
- **Audubon’s Dinosaur Adventure** opened March 14 and transformed the Zoo’s tropical bird house into a prehistoric setting for 20 realistic dinosaur replicas that moved, roared and spit. The touring exhibit and related education programs headlined an Audubon-wide experience. An allosaurus ruled the Aquarium Plaza, the Insectarium highlighted its collection of “Insects of Prehistory,” and IMAX® premiered *Dinosaurs Alive 3D*. Over 30% of Zoo visitors added Dinosaur Adventure to their admission. Because of its popularity, Dinosaur Adventure was revamped and re-launched in Fall 2009 for an extended stay.
- An exciting new combination ticket package was launched in February: the **Audubon Experience** offers up to \$25 off of admission to Audubon Zoo, Audubon Aquarium of the Americas, Audubon Insectarium and Entergy IMAX® Theatre. The Audubon Experience ticket is valid for five days and has been very well received by out-of-town visitors. It quickly became the top-selling combination ticket for Audubon guests.
- A new baseball/softball complex neared completion on Audubon’s Riverview. The complex features **Louisiana’s first Miracle Field**, built on a rubberized surface that allows children with special needs to play baseball. One of 200 in the United States, the Miracle Field was created through a partnership between Audubon, Children’s Hospital and the Miracle League of Greater New Orleans. Opening day was September 26, 2009.
- Audubon began planning several new projects that will improve the quality of the guest experience or enhance animal care. **Cool Zoo**, a wild and wet splash park which will make warm weather trips to the Zoo even more enjoyable opened in April, 2011. **Parakeet Pointe**, also opened in March, 2011, will surround Aquarium guests with over 1,000 colorful birds. A state-of-the-art **elephant barn and paddock** will dramatically increase the size of the Zoo’s elephant facility when it opens in 2011. Also in development is the **Restoration of Woldenberg Riverfront Park**, which repairs landscaping, sculpture and wharves damaged during Hurricane Katrina.
- **Membership** continued to be the foundation for Audubon’s success. The \$3.36 million raised in gross revenue exceeded the 2009 budget goal by 11%. Net revenue for 2009 totaled \$2.6 million, 13% better than 2009 budget. The number of households holding Audubon memberships exceeded 29,000 - matching pre-Katrina totals.

## New Arrivals & Programs

- During the summer, the Zoo celebrated the birth of an endangered Sumatran orangutan, **Menari**, our first orangutan birth since 1996 and one of two in the U.S. in 2009. Other zoo births included babirusa piglet twins and a giant anteater. A young giraffe, a group of highly endangered Mississippi gopher tadpoles, and a male lion were noteworthy additions to the Zoo’s collection.

- *Endymion*, an African penguin, hatched at the Aquarium. She is part of the African Penguin Species Survival Plan, an international conservation and breeding oversight program for these rare, captive birds.
- Aquarium staff successfully rehabilitated an *endangered Kemp's Ridley sea turtle* discovered trapped in a south Louisiana borrow pit pond. The turtle was outfitted with a satellite tag and released off the coast of Grand Isle, Louisiana. The Aquarium coordinates the Louisiana Marine Mammal and Sea Turtle Rehabilitation Program.
- *Two rare leucistic alligator hatchlings* are the stars of the Insectarium's Louisiana Swamp exhibit. Last year's discovery was the third time leucistic alligators were found in the wild; these white gators can be seen at the Zoo, Aquarium and Insectarium. The Insectarium also displayed the extremely rare pink katydid, which was bred successfully at Audubon's Insect Rearing Facility.
- Aquarium educators launched *Coast to Classroom* distance learning program, an innovative curriculum focusing on the habitats, restoration and conservation of the Gulf Coast.
- Audubon revamped interactive initiatives so that our on-line presence reflects the quality of our facilities. *Facebook* and *Twitter* pages keep members and friends up to date on the latest happenings. At year end, our social network included over 10,500 Facebook friends and 1,400 Twitter followers. *AudubonInstitute.org* received a complete makeover, with new features for purchasing tickets, shopping, and planning trips and special events.

### **Awards & Recognition**

- Scientists at Audubon Center for Research of Endangered Species earned the prestigious Edward H. Bean Award, presented annually by the Association of Zoos and Aquariums to recognize significant contributions in species reproduction. Audubon was honored for its Mississippi sandhill crane breeding program, in which chicks are hatched and hand-reared at Freeport-McMoRan Audubon Species Survival Center, then introduced back into their natural habitat. The program has greatly increased this endangered subspecies' numbers and has possibly saved the birds from extinction.
- The Aquarium was selected to host a public meeting of the Federal Interagency Ocean Policy Task Force in October. The meeting, held at Entergy IMAX®Theatre, was part of the review process of an interim report outlining policy that will shape America's stewardship of oceans, coasts and the Great Lakes.

### **Contacting the Commission's Financial Manager**

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Commission's finances. If you have any questions about this report or need additional financial information, please contact the Director of Finance, Audubon Nature Institute, 6500 Magazine Street, New Orleans, LA 70118.

**AUDUBON COMMISSION**  
**(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)**

**STATEMENTS OF NET ASSETS**  
**AS OF DECEMBER 31, 2010 AND 2009**

	<b>2010</b>	<b>2009</b>
<b>CURRENT ASSETS:</b>		
Cash and temporary investments	\$ 765,093	\$ 1,533,225
Accounts receivable — net of allowance for uncollectible accounts of \$59,236 in 2010 and \$103,965 in 2009	1,000,196	692,844
Inventory	1,450,039	1,630,122
Prepaid expenses	<u>1,004,761</u>	<u>866,112</u>
Total current assets	<u>4,220,089</u>	<u>4,722,303</u>
<b>RESTRICTED ASSETS:</b>		
Debt service and bond reserve investments	1,573,766	1,613,708
Accounts receivable for capital improvements	<u>1,901,280</u>	<u>528,562</u>
Total restricted assets	<u>3,475,046</u>	<u>2,142,270</u>
<b>CAPITAL ASSETS:</b>		
Land	800,000	800,000
Buildings and fixed exhibitory	213,931,296	212,818,874
Equipment	18,633,830	18,507,484
Construction in progress	3,309,943	719,300
Less accumulated depreciation	<u>(100,858,773)</u>	<u>(93,142,449)</u>
Net capital assets	<u>135,816,296</u>	<u>139,703,209</u>
<b>OTHER ASSETS:</b>		
Prepaid rent — Dock Board	8,799,983	8,915,772
Film cost — net of accumulated amortization	920,410	1,730,405
Receivable — Riverfront Economic Development Agreement	252,202	424,637
Bond issue costs	<u>296,271</u>	<u>362,808</u>
Total other assets	<u>10,268,866</u>	<u>11,433,622</u>
<b>TOTAL</b>	<u><u>\$ 153,780,297</u></u>	<u><u>\$ 158,001,404</u></u>

(Continued)

**AUDUBON COMMISSION****(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)****STATEMENTS OF NET ASSETS  
AS OF DECEMBER 31, 2010 AND 2009**

	<b>2010</b>	<b>2009</b>
NONRESTRICTED CURRENT LIABILITIES:		
Accounts payable and other accrued liabilities	\$ 6,173,554	\$ 5,429,455
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:		
Accrued interest	37,146	54,646
Revenue bonds — current portion	1,310,874	1,250,874
Limited tax bonds — current portion	2,509,424	2,374,424
Construction payables	307,309	244,955
Total current liabilities payable from restricted assets	<u>4,164,753</u>	<u>3,924,899</u>
Total current liabilities	<u>10,338,307</u>	<u>9,354,354</u>
LONG-TERM LIABILITIES:		
Revenue bonds	1,370,873	2,681,747
Limited tax bonds	25,451,542	27,960,966
Unamortized premium — net	514,515	625,258
Gulf Opportunity Zone loan	18,131,950	17,544,862
Due to Audubon Nature Institute	7,470,007	9,106,782
Capital lease obligation	205,793	
Other		<u>1,220,835</u>
Total long-term liabilities	<u>53,144,680</u>	<u>59,140,450</u>
Total liabilities	<u>63,482,987</u>	<u>68,494,804</u>
NET ASSETS:		
Invested in capital assets — net of related debt	89,953,980	88,249,718
Unrestricted	<u>343,330</u>	<u>1,256,882</u>
Total net assets	<u>90,297,310</u>	<u>89,506,600</u>
TOTAL	<u>\$ 153,780,297</u>	<u>\$ 158,001,404</u>

See notes to financial statements.

(Concluded)

**AUDUBON COMMISSION****(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)****STATEMENTS OF ACTIVITIES****FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<b>2010</b>	<b>2009</b>
OPERATING REVENUES:		
Charges for services	\$ 32,593,741	\$ 33,710,865
Miscellaneous	<u>2,383,353</u>	<u>795,959</u>
Total operating revenues	<u>34,977,094</u>	<u>34,506,824</u>
OPERATING EXPENSES:		
Salaries and benefits	21,410,357	21,051,797
Contractual services, materials, supplies, other	17,988,315	18,237,788
Depreciation and amortization	<u>9,279,085</u>	<u>9,488,416</u>
Total operating expenses	<u>48,677,757</u>	<u>48,778,001</u>
OPERATING LOSS	<u>(13,700,663)</u>	<u>(14,271,177)</u>
NONOPERATING REVENUES (EXPENSES):		
Audubon Nature Institute grants for capital projects, education programs, and operating support	5,011,828	3,478,681
Dedicated tax revenues	7,940,871	7,197,021
Intergovernmental grants for capital projects	2,676,797	2,836,892
Interest income	793,603	550,747
Interest expense	(2,400,827)	(2,277,867)
Grant expenses	(648,913)	(630,858)
Forgiveness of loan	1,220,835	
Amortization — debt costs	<u>(102,821)</u>	<u>(102,837)</u>
Total nonoperating revenues — net	<u>14,491,373</u>	<u>11,051,779</u>
CHANGE IN NET ASSETS	790,710	(3,219,398)
NET ASSETS — Beginning of year	<u>89,506,600</u>	<u>92,725,998</u>
NET ASSETS — End of year	<u>\$ 90,297,310</u>	<u>\$ 89,506,600</u>

See notes to financial statements.

**AUDUBON COMMISSION**  
**(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 34,502,484	\$ 34,819,374
Cash received from FEMA reimbursements	167,257	7,833
Cash paid to or on behalf of employees	(21,372,481)	(21,022,694)
Cash paid for supplies and services	<u>(19,055,138)</u>	<u>(19,705,371)</u>
Net cash used in operating activities	<u>(5,757,878)</u>	<u>(5,900,858)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Grants from the Institute for capital projects, education, and operating support	5,011,828	3,478,681
Payments for projects' design, construction, and equipment purchases	(4,136,318)	(4,182,618)
(Increase) decrease in restricted assets	(1,332,775)	183,383
(Decrease) increase in restricted liabilities	903,546	1,469,700
Dedicated tax revenues	7,940,871	7,197,021
Interest expense	(2,400,827)	(2,277,867)
Payment of bond principal	(4,070,000)	(2,565,000)
Interest income	793,603	550,747
Intergovernmental and other grants	2,676,797	2,836,892
Grant expenses	(648,913)	(630,858)
Other	<u>251,934</u>	<u>239,189</u>
Net cash provided by capital and related financing activities	<u>4,989,746</u>	<u>6,299,270</u>
NET (DECREASE) INCREASE IN CASH AND TEMPORARY INVESTMENTS	(768,132)	398,412
CASH AND TEMPORARY INVESTMENTS — Beginning of year	<u>1,533,225</u>	<u>1,134,813</u>
CASH AND TEMPORARY INVESTMENTS — End of year	<u>\$ 765,093</u>	<u>\$ 1,533,225</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating loss	\$ (13,700,663)	\$ (14,271,177)
Adjustments to reconcile operating loss to cash used in operations:		
Depreciation and amortization	9,279,085	8,936,927
(Increase) decrease in accounts receivable and other current assets	(381,707)	897,875
Decrease in accounts payable and other current liabilities	<u>(954,593)</u>	<u>(1,464,483)</u>
Net cash used in operating activities	<u>\$ (5,757,878)</u>	<u>\$ (5,900,858)</u>
<b>NONCASH ITEMS:</b>		
Gulf Opportunity Zone loan proceeds used to pay principal on limited tax and revenue bonds	<u>\$ -</u>	<u>\$ 1,330,000</u>
Gulf Opportunity Zone loan proceeds used to pay interest on limited tax and revenue bonds	<u>\$ -</u>	<u>\$ 859,742</u>
Purchases for projects' design, construction, and equipment in accounts payable and other current liabilities	<u>\$ 875,477</u>	<u>\$ 442,701</u>
Forgiveness of loan	<u>\$ 1,220,835</u>	<u>\$ -</u>
Capital lease obligation	<u>\$ 267,712</u>	<u>\$ -</u>

See notes to financial statements.

# AUDUBON COMMISSION

(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)

## NOTES TO BASIC FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**General Information** — Audubon Park is located on a 400-acre tract within the City of New Orleans (the “City”) that includes the Audubon Zoo, trails for jogging, biking, and horseback riding, an 18-hole golf course and numerous athletic fields. Act 83 passed by the Louisiana Legislature (the “Legislature”) in 1871 authorized the Board of Park Commissioners to acquire the land which is now known as Audubon Park. In 1914, the Legislature passed Act 191 which created a Commission to be entrusted with the management and control of Audubon Park. Act 191, as amended, is the current authority for the present Audubon Park Commission which is composed of 24 members who are appointed by the Mayor with the approval of the City Council. Each member serves a six-year term, with four members’ terms expiring each year. The Commission is considered a discretely presented component unit of the City and its statements are included in the City’s annual financial statements. On January 1, 1996, the Commission’s name was changed from Audubon Park Commission to Audubon Commission (the “Commission”) effective with the City’s adoption of amendments to its Home Rule Charter.

On November 4, 1986, City voters approved the levy of a three and four-fifths (3-4/5) mills property tax to finance the construction and certain operating expenses of the Audubon Aquarium of the Americas (the “Aquarium”). The vote was taken pursuant to Act 309, passed by the Legislature earlier in 1986, which provided that the Commission would develop, construct and operate the Aquarium and authorized the City to levy and collect the aforementioned ad valorem tax, subject to voter approval, on behalf of the Commission. The City acts through the Commission in the issuance of the bonds authorized by Act 309, and through the Board of Liquidation, City Debt, in the sale of its bonds. Construction of the Aquarium of the Americas and Woldenberg Riverfront Park was begun in 1987 and the bonds (Audubon Park Commission Aquarium Bonds, Series 1988 — \$25,000,000) were issued in 1988. Construction was completed and the Aquarium was opened to the public in September 1990. Phase II of the Aquarium was completed in 1995.

On June 1, 1990, the Commission and the City entered into an agreement for the construction and operation of the Audubon Wilderness Park and the Freeport Mc-Mo-Ran Audubon Species Survival Center on approximately 64 acres of property owned by the City. The agreement requires an annual payment to the City’s General Fund of one dollar (\$1.00) per year for a period of fifty (50) years, commencing on May 1, 1990, and terminating on February 28, 2040. The Audubon Center for Research of Endangered Species is located adjacent to the Species Survival Center on 986 acres of United States Coast Guard property. The United States Coast Guard had granted the Commission a 25-year land use license with a 25 year renewal option that was executed on July 1, 2010. The term of such license is to commence on the 1<sup>st</sup> day of June 2015 and end on the 31<sup>st</sup> day of May 2040 inclusive, with an option for renewal for 25 additional years thereafter; subject to Coast Guard approval. Improvements completed on this site by the Commission include a 36,000 square-foot research laboratory.

Effective October 1, 1994, the Commission received assignment of a facility lease by the Society for Environmental Education (as lessee) with the City (as lessor). The Society for Environmental Education does business as the Audubon Louisiana Nature Center.

During 2002, construction began on the latest Audubon facility, the Audubon Insectarium. The Insectarium is located in the Customs House building and opened in the summer of 2008.

The Commission has a contractual management agreement with the Audubon Nature Institute, Inc. (the “Institute”), a nonprofit organization, under which the Institute manages and operates the Commission facilities located at the Audubon Zoo and Park, the Aquarium and Riverfront Park, the Audubon Insectarium, the Species Survival Center and the Louisiana Nature Center. The Institute employs individuals to operate and maintain the Commission’s facilities; however, all operating revenues and expenses, including salary expense, related to these facilities are recorded on the records of the related facility. The Institute also supports the Commission financially through specific donations and grants obtained by the Institute for operations or capital improvements of Commission facilities.

**Basis of Presentation—Fund Accounting** — The proprietary fund is used to account for the Commission’s ongoing operations and activities which are similar to those in the private sector. Proprietary funds are accounted for using a flow of economic resource measurement focus under which all assets and all liabilities associated with the operation of these funds are included in the balance sheet. The operating statements present increases (revenues) and decreases (expenses) in total net assets. The Commission maintains one proprietary fund type — the enterprise fund.

**Basis of Accounting** — Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Commission has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), excluding those issued after November 30, 1989.

**Use of Estimates** — The Commission prepares financial statements in accordance with accounting principles generally accepted in the United States. Such principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Basis of Reporting** — Effective January 1, 2002, the Commission adopted GASB Statement No. 34, *Basic Financial Statements — and Management’s Discussion and Analysis — for State and Local Governments*. GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities. It requires the classification of net assets into three components — invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

*Invested in Capital Assets, Net of Related Debt* — This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted* — This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* — This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**Restricted Assets** — Restricted assets consist primarily of investments maintained in the applicable enterprise fund in accordance with bond indentures. This category is also used to report amounts receivable from public agencies in connection with the funding of capital projects.

**Investments** — Investments are stated at cost or amortized cost, which does not materially differ from market value.

**Inventory** — Inventory is stated at the lower of cost, determined by the first-in, first-out method, or market.

**Capital Assets** — Capital assets are recorded at historical cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives (ranging from 20–40 years for buildings and fixed exhibitory and 3–20 years for equipment) of the assets. Equipment under capital lease is amortized using the straight-line method over the shorter of the lease term or its useful life. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in revenue or expense for the period. The cost of maintenance and repairs is charged to operations as incurred and significant renewals and betterments are capitalized.

**Statement of Cash Flows** — For purposes of the Statement of Cash Flows, the enterprise funds consider all investments with an original maturity of ninety days or less to be temporary investments. Cash and temporary investments at December 31, 2010 and 2009, consisted of unrestricted cash and cash equivalents of \$765,093 and \$1,533,225, respectively.

**Budgeting** — Operating and capital expenditure budgets are adopted by the Commission on a basis consistent with accounting principles generally accepted in the United States. Budget information is utilized for analytical purposes, and the budget process is a key component of the Commission’s management control environment.

**New Accounting Pronouncements** — GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was issued in February 2009 and will be applicable to the Commission for fiscal 2011. The Statement was designed to improve the usefulness of fund balance information reported by establishing a hierarchy of classifications for reporting an entity’s fund balance that is based primarily on the extent to which the government entity is bound to observe spending constraints that control how specific amounts can be spent. It is anticipated that the Commission’s adoption of this Statement will not have an effect on the Commission’s financial position or results of operations.

## 2. IMPACT OF HURRICANES

The entire facility of the Louisiana Nature Center, located in New Orleans East, flooded during Hurricane Katrina in 2005. The Commission recorded a loss on impairment of the Nature Center of approximately \$446,000 in 2005 which represented the remaining net book value of the facility at the time and the Nature Center has not since reopened. Management is still in the process of developing plans to utilize the site in the future.

The Commission is insured for an event of this nature and has property damage insurance and business interruption insurance limits of approximately \$65,000,000 for all facilities. It also has a federal flood insurance policy on 15 of its buildings. During fiscal 2009, the Commission incurred additional hurricane expenses and property damage primarily relating to Hurricane Gustav which struck the Gulf Coast in September 2008. As of December 31, 2010 and 2009, the Commission recorded receivables

related to Hurricane Katrina and Gustav totaling \$374,055 and \$256,104, respectively. The Commission received \$167,257 and \$7,833 from the Federal Emergency Management Administration (FEMA) in 2010 and 2009, respectively, related to Hurricane Gustav. The Commission has not completed the process of filing for reimbursements with FEMA for the damages incurred by both Hurricane Katrina and Gustav and expects to receive additional amounts in 2011. Such amounts are recorded in miscellaneous revenues.

### 3. CASH AND TEMPORARY INVESTMENTS

**Cash on Deposit** — The Commission's deposits at financial institutions at December 31, 2010 and 2009, were \$635,933 and \$1,403,580, respectively (excluding \$129,160 and \$129,645 of cash on hand at December 31, 2010 and 2009, respectively).

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned. The Commission does not have a deposit policy for custodial credit risk. As of December 31, 2010 and 2009, \$0 and \$1,107,807, respectively, were exposed to custodial credit risk in that those amounts were uninsured and collateral was held by the pledging financial institution not in the Commission's name.

**Investments** — The carrying and market values of the Commission's investments as of December 31, 2010 and 2009, were \$1,573,766 and \$1,613,708, respectively. At December 31, 2010, amounts were comprised of certificates of deposit of \$307,088 and treasury bills of \$1,266,678 that matured in 2011. At December 31, 2009, amounts were comprised of certificates of deposit of \$307,088 and treasury bills of \$1,306,620 that matured in 2010. As of December 31, 2010 and 2009, the Commission's investments were rated AAA by Standard and Poor's and Aaa by Moody's Investors. The average return on the deposits approximated 0.10% and 0.42% at December 31, 2010 and 2009, respectively.

**Interest Rate Risk** — It is not the Commission's policy to limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Custodial Credit Risk** — For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Commission would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2010 and 2009, the Commission is not exposed to significant custodial credit risk with respect to its investments because all investments are either insured by Federal Depository Insurance, registered in the name of the Commission or collateralized by other investments pledged in the name of the Commission.

### 4. OTHER ASSETS

On April 30, 1992, the Commission, the City and the Board of Commissioners of the Port of New Orleans (the "Port") entered into an agreement titled "Riverfront Economic Development Agreement" (the "Agreement") under which the Commission paid \$13,000,000 (\$11,000,000 from the sale of the Commission's Aquarium Revenue Bonds, Series 1992A, and \$2,000,000 from self-generated funds of the Commission) to the Port. In consideration for the \$11,000,000 of the payment, the Commission was relieved of all rents or fees due for occupancy pursuant to an agreement with the Port dated October 23, 1987, that provided for the development and occupancy of an aquarium and related facilities by the Commission over the 99-year term of the agreement. The \$11,000,000 payment was recorded as prepaid rent and is being amortized on a straight-line basis over the remaining term of the agreement.

In consideration for \$2,000,000 of the payment, the City, which became the sole owner of the Rivergate Facility under the agreement, agreed to transfer and assign the second \$200,000 of annual net income from the parking facilities at the Rivergate to the Commission for twenty years beginning with the 1992 calendar year. In the event parking operations were discontinued at the Rivergate, the agreement

provided for the City to make a lump sum payment to the Commission for the remaining payments discounted at 7%, or to continue to pay the \$200,000 annually in monthly installments of \$16,666. Parking operations were discontinued and the City has elected to continue paying the \$200,000 annually through 2011. Harrah's Jazz Casino Company assumed payment of this receivable from the City upon its operation of the Rivergate Facility. As payments are received from Harrah's Jazz Casino Company, this receivable, included in Other Assets, is reduced for that portion of the payment representing return of principal, with the balance credited to interest income.

Unamortized bond issue costs represent costs incurred in the issuance of the revenue bonds and the limited tax bonds (Note 6). These costs are being amortized over the life of the bonds.

**Film Cost** — The Commission and a partner began production on an IMAX® film about the Louisiana Wetlands in 2004 and the Commission capitalized its related costs as part of construction in process. On August 29, 2006, the "Hurricane on the Bayou," IMAX® film was completed and released at the Aquarium and subsequently released in other theatres around the world. The Commission amortizes the film costs using the individual-film-forecast-computation method which amortizes such costs in the same ratio that current period actual revenue bears to estimated remaining unrecognized ultimate revenue as of the beginning of the current fiscal year (denominator). The film revenue, included in charges for services, for the years ended December 31, 2010 and 2009, was \$306,107 and \$501,104, respectively, and ultimate revenue is estimated at \$4,167,000. Ultimate revenue includes the estimates that are based on the history of earning such revenue. The Commission recognized \$809,995 and \$607,489 of the film amortization for the years ended December 31, 2010 and 2009, respectively.

## 5. CAPITAL ASSETS

A summary of changes in capital assets during 2010 and 2009, is as follows:

	2010				Ending Balance 2010
	Beginning Balance 2010	Additions	Transfers	Retirements	
Capital assets not being depreciated:					
Land	\$ 800,000	\$ -	\$ -	\$ -	\$ 800,000
Construction in progress	<u>719,300</u>	<u>3,720,203</u>	<u>(1,129,561)</u>		<u>3,309,942</u>
Total capital assets not being depreciated	<u>1,519,300</u>	<u>3,720,203</u>	<u>(1,129,561)</u>		<u>4,109,942</u>
Capital assets being depreciated:					
Buildings and fixed exhibitory	212,818,874		1,129,561	(17,139)	213,931,296
Equipment	<u>18,507,484</u>	<u>770,673</u>		<u>(644,327)</u>	<u>18,633,830</u>
Total capital assets being depreciated	231,326,358	770,673	1,129,561	(661,466)	232,565,126
Less accumulated depreciation	<u>(93,142,449)</u>	<u>(8,355,708)</u>		<u>639,385</u>	<u>(100,858,772)</u>
Total capital assets — net	<u>\$ 139,703,209</u>	<u>\$ (3,864,832)</u>	<u>\$ -</u>	<u>\$ (22,081)</u>	<u>\$ 135,816,296</u>

	<b>2009</b>				
	<b>Beginning Balance 2009</b>	<b>Additions</b>	<b>Transfers</b>	<b>Retirements</b>	<b>Ending Balance 2009</b>
Capital assets not being depreciated:					
Land	\$ 800,000	\$ -	\$ -	\$ -	\$ 800,000
Construction in progress	<u>2,534,035</u>	<u>3,332,068</u>	<u>(5,130,119)</u>	<u>(16,684)</u>	<u>719,300</u>
Total capital assets not being depreciated	<u>3,334,035</u>	<u>3,332,068</u>	<u>(5,130,119)</u>	<u>(16,684)</u>	<u>1,519,300</u>
Capital assets being depreciated:					
Buildings and fixed exhibitory	207,662,272	27,833	5,130,119	(1,350)	212,818,874
Equipment	<u>19,037,374</u>	<u>745,162</u>	<u>                    </u>	<u>(1,275,052)</u>	<u>18,507,484</u>
Total capital assets being depreciated	226,699,646	772,995	5,130,119	(1,276,402)	231,326,358
Less accumulated depreciation	<u>(86,071,274)</u>	<u>(8,319,870)</u>	<u>                    </u>	<u>1,248,695</u>	<u>(93,142,449)</u>
Total capital assets — net	<u>\$ 143,962,407</u>	<u>\$ (4,214,807)</u>	<u>\$ -</u>	<u>\$ (44,391)</u>	<u>\$ 139,703,209</u>

Depreciation expense for the years ended December 31, 2010 and 2009, related to these assets amounted to approximately \$8,356,000 and \$8,320,000, respectively.

## 6. BONDS AND LOAN PAYABLE

Bonds and loans payable at December 31, 2010 and 2009, are comprised of the following:

	2010	2009
Limited Tax Bonds:		
3.00% to 5.00% Audubon Commission Aquarium Bonds, Series 2003 A due in annual installments of \$2,445,000 to \$2,695,000 through October 2013	\$ 7,705,000	\$ 10,030,000
3.00% to 5 3/8% Audubon Commission Aquarium Bonds, Series 2001 A due in annual installments of \$15,000 to \$3,595,000 through October 2017	13,375,000	13,390,000
3.00% to 4.70% Audubon Commission Aquarium Bonds, Series 2001 B due in annual installments of \$75,000 to \$1,260,067 through October 2021	6,153,572	6,223,572
5.00% to 6.50% Audubon Commission Improvement and Refunding Zoo Bonds, Series 1997, due in annual installments of \$275,000 to \$365,000 through December 2016	1,910,000	2,170,000
Revenue Bonds:		
4.5% to 5.00% 1997 Audubon Commission Aquarium Revenue Refunding Bonds Series 1997, due in annual installments of \$1,460,000 to \$1,520,000 through April 2012	2,980,000	4,380,000
State of Louisiana, Office of Community Development Gulf Opportunity Zone Act Loan	<u>18,131,950</u>	<u>17,544,862</u>
Total bonds and loans payable	50,255,522	53,738,434
Deferred losses on refinancings — net of amortization	(1,480,859)	(1,925,560)
Unamortized premium — net	<u>514,515</u>	<u>625,258</u>
Total	49,289,178	52,438,132
Less current maturities and current portion of deferred losses	<u>(3,820,298)</u>	<u>(3,625,298)</u>
Bonds and loans payable — long-term	<u>\$45,468,880</u>	<u>\$48,812,834</u>

On July 9, 2003, the Commission issued \$22,285,000 Aquarium Refunding Bonds, Series 2003 A with an average interest rate of 3.726%. The proceeds of this issue were used to advance refund \$22,565,000 of the Audubon Commission Aquarium Bonds, Series 1993. The 2003 A series bonds were issued on complete parity with the Aquarium Refunding Bonds, Series 2001 A and 2001 B. The advance refund included escrowing \$23,685,145 into an irrevocable trust to provide for all future debt service payments on the Series 1993 bonds; therefore the Series 1993 bonds were removed from the balance sheet in 2003. The reacquisition price exceeded the recorded book value by approximately \$2.4 million which is reported in the financial statements as a deduction to bonds payable and is being charged to interest expense through 2013 using the straight-line method.

On November 1, 2001, the Commission issued \$13,555,000 Audubon Commission Aquarium Refunding Bonds, Series 2001 A and \$6,683,572 Audubon Commission Aquarium Bonds, Series 2001 B with an average interest rate of 4.5%. Series A was issued to advance refund \$13,390,000 of Aquarium Series 1993 bonds with an average interest rate of 6.25% maturing in October 2014 through 2017. The advance refunding included escrowing \$14,573,000 into an irrevocable trust to provide for future debt service for a portion (\$13,309,000) of the Aquarium Series 1993 bonds; therefore, that portion of the Aquarium Series 1993 bonds was removed from the balance sheet in fiscal 2001. The reacquisition price exceeded the recorded book value by approximately \$1.1 million which is reported in the financial statements as a deduction to bonds payable and is being charged to interest expense through 2017 using the straight-line method. Series B was issued to finance further construction, extension and improvement of the Aquarium and related facilities, including the development, design and construction of the Audubon Insectarium. Proceeds from the bonds are also used to pay the costs of issuance of the bonds. These bonds are special and limited obligations of the City payable from and secured solely by the proceeds of a property tax levied at a rate of three and four-fifths mills.

In December 1996, the Commission received a commitment to purchase its \$4,500,000 Improvement and Refunding Bonds, Series 1997. The proceeds of the issue were used to advance refund \$1,895,000 in Series 1979 and 1988 Improvement Bonds, and provide \$2.5 million for capital improvements at Audubon Zoo. The advance refunding included escrowing \$1,943,500 into an irrevocable trust to provide for future debt service on the defeased bonds.

Debt service applicable to the limited tax bonds is held by the Board of Liquidation, City Debt. No tax bonds may be sold without approval of the Board of Liquidation. Property taxes levied by the City of New Orleans and dedicated to the payment of these limited tax bonds are collected by the City of New Orleans and, as required by law, paid to the Board of Liquidation as collected. The millages for these limited tax bonds were established at the time the bonds were issued, based upon the approval of the City's voters. The property taxes are recorded as nonoperating revenue for the appropriate fund.

In December 1997, the Commission issued its \$16,380,000 Aquarium Revenue Refunding Bonds, Series 1997 to advance refund its \$14,200,000 Series 1992 A Aquarium Revenue Bonds. The advance refunding included escrowing \$16,048,000 into an irrevocable trust to provide for all future debt service payments on the Series 1992 A bonds; therefore, the 1992 A bonds were removed from the balance sheet. The reacquisition price exceeded the recorded book value by \$2.2 million which is reported in the financial statements as a deduction to bonds payable and is being charged to interest expense in equal annual amounts through 2012.

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. Management believes the Commission is in compliance with all such significant limitations and restrictions at December 31, 2010 and 2009.

In July 2006, pursuant to the Public Law 109-135 of the United States Congress, the Gulf Opportunity Zone Act of 2005 was enacted to provide tax relief and tax credit bond authority designed to aid the State with recovery efforts from Hurricane Katrina and Hurricane Rita. Accordingly, the State of Louisiana, Office of Community Development loaned the Commission \$4,907,500 to make the scheduled debt payments for the Aquarium Revenue Refunding Bonds, Series 1997 and \$11,851,006 to make scheduled debt payments for the Improvement and Refunding Zoo Bonds, Series 1997, Aquarium Refunding Bonds, Series 2001 A, Aquarium Bonds, Series 2001 B and Aquarium Refunding Bonds, Series 2003 A through 2009. Per the agreement the funds shall be maintained at the State identified

trustee and disbursed according to the debt schedule of the bonds identified above. Once funds are disbursed by the State, the debt service payments are made with the proceeds and amounts are recorded as loans payable by the Commission. The agreement matures 20 years from the date of the delivery of the loan which was on July 19, 2006. No principal or interest is payable during the initial five year period of the loan. After the expiration of the initial five year period of the loan, the loan shall bear interest at a fixed rate of 4.64%. Principal and interest shall be repaid over the remaining 15 year period based on level annual amortization of principal and interest. An extension may be requested at the end of the first five year period to defer the payment of principal and interest for an additional five years. The loan balance may be prepaid at any time, in whole or in part, by the Commission without penalty or premium. The total amount of interest to accrue over the 20-year period of the loan is \$6,874,054. As of December 31, 2010 and 2009, the amount of long-term liability under the loan was \$18,131,950 and \$17,544,862, respectively, related to principal and interest payments made to bondholders on behalf of the Commission.

The Commission and the Institute are related through the interaction of their Boards of Directors and contractual management agreements under which the Institute manages and operates Commission facilities. Subsequent to December 31, 2010, the management agreement was extended to a new ten year term beginning January 26, 2011 through January 25, 2021. As of December 31, 2010 and 2009, amounts due to the Institute totaled \$7,470,007 and \$9,106,782, respectively, and have been classified as a long-term liability based on the Commission's evaluation of the timing of the anticipated repayment of these amounts. There is no scheduled maturity date and the Institute has no plans in the next 12 months to demand payment on the amounts receivable from the Commission at December 31, 2010 (see Note 8).

A summary of changes in long-term liabilities during 2010 and 2009 is as follows:

	<b>2010</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Payments/ Loan Forgiveness</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Limited tax bonds	\$ 31,813,572	\$ -	\$ (2,670,000)	\$ 29,143,572	\$ 2,805,000
Revenue bonds	4,380,000		(1,400,000)	2,980,000	1,460,000
Note payable	1,220,835		(1,220,835)		
Due to the Institute	9,106,782		(1,636,775)	7,470,007	
Gulf Opportunity Zone loan	<u>17,544,862</u>	<u>587,088</u>		<u>18,131,950</u>	
	<u>\$ 64,066,051</u>	<u>\$ 587,088</u>	<u>\$ (6,927,610)</u>	<u>\$ 57,725,529</u>	<u>\$ 4,265,000</u>

	<b>2009</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Payments</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Limited tax bonds	\$ 34,378,572	\$ -	\$ (2,565,000)	\$ 31,813,572	\$ 2,670,000
Revenue bonds	5,710,000		(1,330,000)	4,380,000	1,400,000
Note payable	1,195,835	25,000		1,220,835	
Due to the Institute	10,682,557	6,745,109	(8,320,884)	9,106,782	
Gulf Opportunity Zone loan	<u>15,088,354</u>	<u>2,456,508</u>		<u>17,544,862</u>	
	<u>\$ 67,055,318</u>	<u>\$ 9,226,617</u>	<u>\$ (12,215,884)</u>	<u>\$ 64,066,051</u>	<u>\$ 4,070,000</u>

Debt service requirements on all bonds outstanding as of December 31, 2010, including interest payments of \$16,458,812 are as follows:

<b>Years Ending December 31</b>	<b>Limited Tax Bonds</b>	<b>Revenue Bonds</b>	<b>Gulf Opportunity Zone Loan</b>	<b>Total</b>	<b>Interest Included in Total</b>
2011	\$ 4,004,184	\$ 1,572,500	\$ -	\$ 5,576,684	\$ 1,311,684
2012	4,004,509	1,558,000	1,575,504	7,138,013	1,875,103
2013	4,012,779		1,430,782	5,443,561	1,508,628
2014	4,242,871		873,673	5,116,544	757,871
2015-2019	20,084,099		5,015,395	25,099,494	5,881,154
2020-2024	7,730,000		6,292,075	14,022,075	5,124,372
2024-2026			2,944,521	2,944,521	
	<u>\$44,078,442</u>	<u>\$3,130,500</u>	<u>\$18,131,950</u>	<u>\$65,340,892</u>	<u>\$16,458,812</u>

A certain Endowment Income Trust Fund loaned the Commission \$500,000 in 1982 for capital improvements within the Audubon Park and Zoo. The loan accrues interest at 5%. The loan was to be repaid annually from 50% of any operating surplus of the Audubon Park and Zoo, excluding any intergovernmental revenues. Amounts not repaid after 25 years were forgiven by the lender. The agreement also requires minimum annual payments of \$25,000 which commenced January 1, 1992. The Commission had recorded a repayment liability \$1,220,835 at December 31, 2009, which included accrued interest. During 2010, the Commission determined that the loan was forgiven by the lender and such amounts outstanding were recorded as non-operating revenues in the statement of activities.

## 7. RETIREMENT SYSTEM

Employees of the Institute that provide services for the Commission in accordance with the terms of the management agreement may participate on an optional basis in a tax-deferred annuity plan established by the Institute for the benefit of all full-time employees. The plan provides for the purchase of annuities which qualify for tax deferral. Participating employees contribute between 2% and 15% of their salary, not to exceed \$16,500, and the Commission, through its management agreement with the Institute, matches employee contributions up to 3% of base salary. The retirement expense provision for 2010 and 2009 amounted to approximately \$530,000 and \$535,000, respectively.

## 8. RELATED-PARTY TRANSACTIONS

The Commission and the Institute are related through the interaction of their Boards of Directors and contractual management agreements under which the Institute manages and operates Commission facilities. To assure efficiencies through economies of scale, these entities often engage in operations through one organization that benefit the other organization. One example of this is the use of common or central bank and investment accounts. The Commission received additional financial support from the Institute in the form of specific gifts and grants of \$5,011,828 and \$3,478,681 and distributions from the Institute's Endowment Fund amounting to \$765,321 and \$489,359 (included in interest income) during 2010 and 2009, respectively. As of December 31, 2010 and 2009, amounts due to the Institute totaled \$7,470,007 and \$9,106,782, respectively, and have been classified as a long-term liability based on the Commission's evaluation of the timing of the anticipated repayment of these amounts. The Institute has committed to the Commission that it has the intent and ability to continue funding the operations of the Commission through operating advances, donations and grants, if necessary, in order to provide the required level of financial support to enable the Commission to discharge its liabilities in the normal

course of business as they become due through January 1, 2012. The Institute has no plans in the next 12 months to demand payment on the amounts receivable from the Commission at December 31, 2010.

## 9. COMMITMENTS AND CONTINGENCIES

**Long-Term Leases** — The Commission leases its Audubon Insectarium premises under an operating lease which was amended in March 2, 2005, and expired August 2, 2009. The lease provides that the agreement may be renewed, at the option of the lessee providing that 360 days written notice is given before the end of the fixed term, for four separate and consecutive ten year terms. The lease was renewed in August 2009 with new annual rental amounts. A three year step rent plan was introduced in August 2009. The rent will be reset to market every five years, beginning August 2014, instead of 10 years as stated in the lease.

Future lease payments required under the operating lease for the next 4 years are as follows:

<b>Years Ending December 31</b>	<b>Lease Payments</b>
2011	\$ 543,090
2012	591,645
2013	591,645
Through July 2014	<u>345,126</u>
Total	<u>\$2,071,506</u>

As of December 31, 2010, the Commission was obligated under various capital leases, each with noncancelable terms in excess of one year. The net book value of assets under capital lease as of December 31, 2010, was \$250,000. Amortization expense of \$18,000 was recorded in 2010 in connection with the leased equipment and is included in depreciation and amortization expense in the accompanying 2010 statement of activities. Future minimum least payments as of December 31, 2010, are as follows:

<b>Year Ending December 31</b>	
2011	\$ 85,904
2012	85,904
2013	85,904
2014	<u>64,428</u>
Total minimum lease payments	322,139
Less amounts representing interest	<u>54,427</u>
Present value of future minimum lease payments	267,712
Less current portion of capital leases obligation	<u>61,920</u>
Capital lease obligations—excluding current portion	<u>\$ 205,793</u>

**Litigation** — Certain claims and suits have been filed against the Commission. The majority of these claims are covered by insurance and, based on all available information and consultation with the Commission’s legal counsel, management does not believe the ultimate resolution of these matters will have a significant effect on the Commission’s financial position, results of operations, or cash flows.

\* \* \* \* \*

## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
Audubon Commission:

We have audited the basic financial statements of the Audubon Commission (the "Commission"), a discretely presented component unit of the City of New Orleans, Louisiana as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated May 10, 2011. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an

opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Commissioners, management, the City of New Orleans, Louisiana, the Louisiana Legislative Auditor, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Deloitte & Touche LLP*

May 10, 2011

## **ADDITIONAL INFORMATION**

# AUDUBON COMMISSION

(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)

## COMBINING SCHEDULE OF NET ASSETS AS OF DECEMBER 31, 2010

	Aquarium and Riverfront Park	Audubon Insectarium	Audubon Zoo and Park	Audubon Golf Course	Survival Center/ Research Center	Louisiana Nature Center	Total
<b>CURRENT ASSETS:</b>							
Cash and temporary investments	\$ 675,509	\$ 25,040	\$ 62,043	\$ 2,250	\$ 251	\$ -	\$ 765,093
Accounts receivable — net of allowance for uncollectible accounts of \$59,236	728,520		256,649	2,984	12,043		1,000,196
Inventory	414,010	304,565	634,092	97,372			1,450,039
Prepaid expenses	410,854	33,262	478,253	12,639	69,753		1,004,761
<b>Total current assets</b>	<b>2,228,893</b>	<b>362,867</b>	<b>1,431,037</b>	<b>115,245</b>	<b>82,047</b>	<b>-</b>	<b>4,220,089</b>
<b>RESTRICTED ASSETS:</b>							
Debt service and bond reserve investments	1,266,678		307,088				1,573,766
Accounts receivable for capital improvements	314,234	55,208	1,531,838				1,901,280
<b>Total restricted assets</b>	<b>1,580,912</b>	<b>55,208</b>	<b>1,838,926</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,475,046</b>
<b>CAPITAL ASSETS:</b>							
Land			800,000				800,000
Buildings and fixed exhibitory	88,972,268	24,344,269	68,098,309	10,728,838	21,787,612		213,931,296
Equipment	7,788,807	979,110	6,842,318	885,189	2,138,406		18,633,830
Construction in progress	756,928	3,800	2,549,215				3,309,943
Less accumulated depreciation	(53,391,752)	(3,624,599)	(31,752,775)	(2,391,910)	(9,697,737)		(100,858,773)
<b>Net capital assets</b>	<b>44,126,251</b>	<b>21,702,580</b>	<b>46,537,067</b>	<b>9,222,117</b>	<b>14,228,281</b>	<b>-</b>	<b>135,816,296</b>
<b>OTHER ASSETS:</b>							
Prepaid rent — Dock Board	8,799,983						8,799,983
Film cost	920,410						920,410
Receivable — Riverfront Economic Development Agreement	252,202						252,202
Bond issue costs	296,271						296,271
<b>Total other assets</b>	<b>10,268,866</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,268,866</b>
<b>TOTAL</b>	<b>\$ 58,204,922</b>	<b>\$22,120,655</b>	<b>\$ 49,807,030</b>	<b>\$ 9,337,362</b>	<b>\$14,310,328</b>	<b>\$ -</b>	<b>\$ 153,780,297</b>

(Continued)

**AUDUBON COMMISSION**  
**(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)**

**COMBINING SCHEDULE OF NET ASSETS**  
**AS OF DECEMBER 31, 2010**

	Aquarium and Riverfront Park	Audubon Insectarium	Audubon Zoo and Park	Audubon Golf Course	Survival Center/ Research Center	Louisiana Nature Center	Total
<b>CURRENT LIABILITIES:</b>							
Total nonrestricted current liabilities — accounts payable and other accrued liabilities	\$ 2,319,151	\$ 15,260	\$ 2,973,895	\$ 344,227	\$ 195,232	\$ 325,789	\$ 6,173,554
Accounts payable and other accrued liabilities							
Current liabilities payable from restricted assets:							
Accrued interest	37,116		30				37,146
Revenue bonds — current portion	1,310,874						1,310,874
Limited tax bonds — current portion	2,234,424		275,000				2,509,424
Construction payables	73,919	6,310	227,080				307,309
Total payable from restricted assets	3,656,333	6,310	502,110				4,164,753
Total current liabilities	5,975,484	21,570	3,476,005	344,227	195,232	325,789	10,338,307
<b>LONG-TERM LIABILITIES:</b>							
Revenue bonds	1,370,873						1,370,873
Limited tax bonds	23,816,542		1,635,000				25,451,542
Unamortized premium — net	514,515						514,515
Gulf Opportunity Zone loan	16,951,480		1,180,470				18,131,950
Due to Audubon Nature Institute	1,309,508	(831,262)	5,810,595	339,893	857,710	(16,437)	7,470,007
Capital lease obligation				205,793			205,793
Total long-term liabilities	43,962,918	(831,262)	8,626,065	545,686	857,710	(16,437)	53,144,680
Total liabilities	49,938,402	(809,692)	12,102,070	889,913	1,052,942	309,352	63,482,987
<b>NET ASSETS:</b>							
Invested in capital assets — net of related debt	(306,310)	21,751,479	45,058,414	9,222,117	14,228,280		89,953,980
Unrestricted	8,572,830	1,178,868	(7,353,452)	(774,668)	(970,896)	(309,352)	343,330
Total net assets	8,266,520	22,930,347	37,704,962	8,447,449	13,257,384	(309,352)	90,297,310
<b>TOTAL</b>	<b>\$58,204,922</b>	<b>\$ 22,120,655</b>	<b>\$49,807,032</b>	<b>\$9,337,362</b>	<b>\$14,310,326</b>	<b>\$ -</b>	<b>\$153,780,297</b>

(Concluded)

**AUDUBON COMMISSION**  
**(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)**

**COMBINING SCHEDULE OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Aquarium and Riverfront Park	Audubon Insectarium	Audubon Zoo and Park	Audubon Golf Course	Survival Center/ Research Center	Louisiana Nature Center	Total
OPERATING REVENUES:							
Charges for services	\$ 14,312,368	\$ 2,441,609	\$ 14,176,343	\$ 1,663,421	\$ -	\$ -	\$ 32,593,741
Miscellaneous	1,545,196	134,984	565,846	43,729	73,498	20,100	2,383,353
Total operating revenues	15,857,564	2,576,593	14,742,189	1,707,150	73,498	20,100	34,977,094
OPERATING EXPENSES:							
Salaries and benefits	7,186,579	1,668,890	10,570,493	1,043,492	940,903		21,410,357
Contractual services, materials, supplies, and other	6,633,989	1,594,007	8,032,408	779,788	927,713	20,410	17,988,315
Depreciation and amortization	3,957,873	1,347,135	2,809,420	359,873	804,784		9,279,085
Total operating expenses	17,778,441	4,610,032	21,412,321	2,183,153	2,673,400	20,410	48,677,757
OPERATING LOSS	(1,920,877)	(2,033,439)	(6,670,132)	(476,003)	(2,599,902)	(310)	(13,700,663)
NONOPERATING REVENUES (EXPENSES):							
Audubon Nature Institute grants for capital projects, education programs, and operating support	808,802	1,616,477	1,583,468		1,003,081		5,011,828
Dedicated tax revenues	6,677,978	494,337	768,556				7,940,871
Intergovernmental grants for capital projects	78,662		2,298,135		300,000		2,676,797
Interest income	306,104		137,037		350,462		793,603
Interest expense	(2,237,615)		(156,276)	(6,936)			(2,400,827)
Grant expenses	(102,922)		(215,866)		(330,125)		(648,913)
Forgiveness of loan			1,220,835				1,220,835
Amortization — debt costs	(101,938)		(883)				(102,821)
Total nonoperating revenues — net	5,429,071	2,110,814	5,635,006	(6,936)	1,323,418	-	14,491,373
CHANGE IN NET ASSETS	3,508,194	77,375	(1,035,126)	(482,939)	(1,276,484)	(310)	790,710
NET ASSETS — Beginning of year	4,758,325	22,852,971	38,740,089	8,930,388	14,533,869	(309,042)	89,506,600
NET ASSETS — End of year	\$ 8,266,519	\$ 22,930,346	\$ 37,704,963	\$ 8,447,449	\$ 13,257,385	\$ (309,352)	\$ 90,297,310

# AUDUBON COMMISSION

(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)

## COMBINING SCHEDULE OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2010

	Aquarium and Riverfront Park	Audubon Insectarium	Audubon Zoo and Park	Audubon Golf Course	Survival Center/ Research Center	Louisiana Nature Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES:							
Cash received from customers	\$ 15,367,633	\$ 2,574,059	\$14,760,045	\$ 1,707,150	\$ 73,497	\$ 20,100	\$ 34,502,484
Cash received from FEMA reimbursements	45,550	5,071	98,471	4,466	13,699		167,257
Cash paid to or on behalf of employees	(7,173,397)	(1,665,403)	(10,552,867)	(1,043,143)	(937,671)		(21,372,481)
Cash paid for supplies and services	<u>(10,782,816)</u>	<u>(3,023,876)</u>	<u>(4,157,767)</u>	<u>(650,761)</u>	<u>(419,818)</u>	<u>(20,100)</u>	<u>(19,055,138)</u>
Net cash (used in) provided by operating activities	<u>(2,543,030)</u>	<u>(2,110,149)</u>	<u>147,882</u>	<u>17,712</u>	<u>(1,270,293)</u>		<u>(5,757,878)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Grants from the Institute for capital projects, education, and operating support	808,802	1,616,477	1,583,468		1,003,081		5,011,828
Payments for projects' design, construction, and equipment purchases	(862,392)	(646)	(3,209,381)	(10,776)	(53,123)		(4,136,318)
(Increase) decrease in restricted assets	(205,038)		(1,127,737)				(1,332,775)
Increase/(decrease) in restricted liabilities	868,938		34,608				903,546
Dedicated tax revenues	6,677,978	494,337	768,556				7,940,871
Interest paid	(2,237,615)		(156,276)	(6,936)			(2,400,827)
Payment of bond principal	(3,810,000)		(260,000)				(4,070,000)
Interest income	306,104		137,037		350,462		793,603
Intergovernmental and other grants	78,662		2,298,135		300,000		2,676,797
Grant expenses	(102,922)		(215,866)		(330,125)		(648,913)
Other	<u>252,820</u>	<u>(1)</u>	<u>(884)</u>		<u>(1)</u>		<u>251,934</u>
Cash provided by (used in) capital and related financing activities	<u>1,775,337</u>	<u>2,110,167</u>	<u>(148,340)</u>	<u>(17,712)</u>	<u>1,270,294</u>		<u>4,989,746</u>
NET INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	(767,693)	18	(458)		1		(768,132)
CASH AND TEMPORARY INVESTMENTS — Beginning of year	<u>1,443,203</u>	<u>25,022</u>	<u>62,501</u>	<u>2,249</u>	<u>250</u>		<u>1,533,225</u>
CASH AND TEMPORARY INVESTMENTS — End of year	<u>\$ 675,510</u>	<u>\$ 25,040</u>	<u>\$ 62,043</u>	<u>\$ 2,249</u>	<u>\$ 251</u>	<u>\$ -</u>	<u>\$ 765,093</u>

(Continued)

# AUDUBON COMMISSION

(A Discretely Presented Component Unit of the City of New Orleans, Louisiana)

## COMBINING SCHEDULE OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2010

	Aquarium and Riverfront Park	Audubon Insectarium	Audubon Zoo and Park	Audubon Golf Course	Survival Center/ Research Center	Louisiana Nature Center	Total
RECONCILIATION OF OPERATING LOSS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:							
Operating loss	\$(1,920,877)	\$(2,033,439)	\$(6,670,132)	\$(476,003)	\$(2,599,902)	\$ (310)	\$(13,700,663)
Adjustments to reconcile operating loss to cash (used in) provided by operations:							
Depreciation and amortization	3,957,873	1,347,135	2,809,420	359,873	804,784		9,279,085
Decrease (increase) in accounts receivable and other current assets	(582,109)	(17,057)	202,664	1,839	12,956		(381,707)
(Decrease) increase in accounts payable and other current liabilities	<u>(3,997,918)</u>	<u>(1,406,788)</u>	<u>3,805,930</u>	<u>132,004</u>	<u>511,869</u>	<u>310</u>	<u>(954,593)</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>\$(2,543,031)</u>	<u>\$(2,110,149)</u>	<u>\$ 147,882</u>	<u>\$ 17,713</u>	<u>\$(1,270,293)</u>	<u>\$ -</u>	<u>\$( 5,757,878)</u>

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**APPENDIX "C"**

**AUDUBON COMMISSION  
2011 OPERATING BUDGET**

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**Audubon Nature Institute**  
2011 Operating Budget (In Thousands)

	Aquarium/ IMAX	Zoo/Park	Insectarium	Research/ Survival Ctrs.	Total
<b>OPERATING REVENUE</b>					
Admissions revenue	\$8,596.6	\$4,227.4	\$1,942.2		\$14,766.2
Membership receipts	1,686.8	1,739.7			\$3,426.5
Sales and catering	840.6	3,092.1			\$3,932.7
Food service - Clubhouse		567.3			\$567.3
F&B concessions	1,066.8	2,169.9	117.7		\$3,354.4
Gift Shop	2,085.9	2,033.8	536.5		\$4,656.2
F&B/Gift shop commissions		15.0			\$15.0
Golf course fees/rentals/proshop		1,144.1			\$1,144.1
Visitor services and attractions		864.2			\$864.2
LSU affiliation agreement				536.0	\$536.0
Education and volunteers	38.4	359.5	1.5		\$399.4
Promotions and PR	19.0	168.5	4.0		\$191.5
Tennis		209.0			\$209.0
Other	478.9	193.4	143.8	11.1	\$827.2
<b>Total Operating Revenue</b>	<b>\$14,813.0</b>	<b>\$16,783.9</b>	<b>\$2,745.7</b>	<b>\$547.1</b>	<b>\$34,889.7</b>
<b>OPERATING EXPENSES</b>					
Admin., Fin., HR, and IS	\$3,112.7	\$3,334.3	\$885.0		\$7,332.0
Husbandry/Animal departments	1,361.1	2,751.2	604.6		\$4,716.9
Building/park/zoo operations	2,825.1	2,890.2	240.6	1,538.3	\$7,494.2
Marketing and public relations	740.8	798.0	205.9		\$1,744.7
Membership operations	327.1	327.1			\$654.2
Education and Volunteers	318.2	594.0	90.9		\$1,003.1
Visitor services	438.0	885.7	254.8		\$1,578.5
Design & Exhibitory/Chng Exbts	291.9	229.4	254.5		\$775.8
IMAX operations	753.9				\$753.9
Golf Course operations		1,160.5			\$1,160.5
F & B concessions/food service	727.0	2,279.4	148.4		\$3,154.8
Sales and catering	605.3	2,498.3			\$3,103.6
Gift Shop	1,374.0	1,402.5	498.5		\$3,275.0
LSU affiliation - research				231.9	\$231.9
Fringe benefits	1,119.6	1,505.1	157.2		\$2,781.9
Tennis		224.5			\$224.5
Other					\$0.0
<b>Total Operating Expenses</b>	<b>\$13,994.7</b>	<b>\$20,880.2</b>	<b>\$3,340.4</b>	<b>\$1,770.2</b>	<b>\$39,985.5</b>
<b>OPERATING INCOME (LOSS)</b>	<b>\$818.3</b>	<b>(\$4,096.3)</b>	<b>(\$594.7)</b>	<b>(\$1,223.1)</b>	<b>(\$5,095.8)</b>
<b>NON-OPERATING REV &amp; EXP</b>					
Interest expense-rev bonds	(438.3)				(438.3)
Interest/Endowment income	493.6	159.9		\$420.6	1,074.1
Tax millage	2,740.0	380.0	\$500.0		3,620.0
Trfr. from Audubon Nature Inst		697.2		\$408.0	1,105.2
<b>Total Non-Operating Rev &amp; Exp</b>	<b>\$2,795.3</b>	<b>\$1,237.1</b>	<b>\$500.0</b>	<b>\$828.6</b>	<b>5,361.0</b>
<b>NET INCOME (LOSS) before trfr</b>	<b>\$3,613.6</b>	<b>(\$2,859.2)</b>	<b>(\$94.7)</b>	<b>(\$394.5)</b>	<b>\$265.2</b>

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**APPENDIX "D"**

**CITY OF NEW ORLEANS  
BOARD OF LIQUIDATION  
CITY DEBT  
ANNUAL STATEMENT  
DECEMBER 31, 2010**

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**CITY OF NEW ORLEANS  
BOARD OF LIQUIDATION  
CITY DEBT**

**ANNUAL STATEMENT**

**DECEMBER 31, 2010**

**[www.boardofliquidation.com](http://www.boardofliquidation.com)**

BOARD OF LIQUIDATION, CITY DEBT  
NEW ORLEANS, LOUISIANA  
DECEMBER 31, 2010

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BOARD OF LIQUIDATION, CITY DEBT  
NEW ORLEANS, LOUISIANA  
DECEMBER 31, 2010

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**COMPOSITION AND AUTHORITY OF THE BOARD OF LIQUIDATION,  
CITY DEBT**

The Board of Liquidation, City Debt, is a body corporate composed of six citizens of the City of New Orleans. Three ex-officio members, consisting of the Mayor and the two Councilmembers-at-Large, make up the board of nine members. The Board has exclusive control and direction of all matters relating to the bonded debt of the City of New Orleans.

**OFFICERS OF THE BOARD**

Mary K. Zervigon, President  
Barbara Lamont, Vice President  
David W. Gernhauser, Secretary  
Tracy David Madison, Assistant Secretary

**COUNSEL**

Lemle & Kelleher

**MEMBERS OF THE BOARD**

Barbara Lamont  
Richard P. Wolfe

Wanda Ackers-Brooks  
Alan C. Arnold

Mary K. Zervigon  
Vacancy

Jacquelyn B. Clarkson, Council at Large  
Arnie Fielkow, Council at Large  
C. Ray Nagin, Mayor

Ex-Officio  
Ex-Officio  
Ex-Officio

MARY K. ZERVIGON  
PRESIDENT

BARBARA LAMONT  
VICE PRESIDENT

DAVID W. GERNHAUSER  
SECRETARY

TRACY DAVID MADISON  
ASST. SECRETARY

MEMBERS OF BOARD

ALAN C. ARNOLD  
WANDA ACKERS BROOKS  
BARBARA LAMONT  
GERALD WILLIAMS  
RICHARD P. WOLFE  
MARY K. ZERVIGON

JACQUELYN B. CLARKSON, EX OFFICIO  
ARNIE FIELKOW, EX OFFICIO  
C. RAY NAGIN, EX OFFICIO

## Board of Liquidation, City Debt

1300 PERDIDO STREET - ROOM 8E17

New Orleans, La. 70112

AREA CODE 504  
658-1410  
(FAX) 658-1411  
[www.boardofliquidation.com](http://www.boardofliquidation.com)

January 4, 2011

President and Members  
Council of the City of New Orleans  
City Hall  
New Orleans, Louisiana 70112

Ladies and Gentlemen:

Under the provisions of the Constitution of Louisiana of 1921, made statutory by the Constitution of Louisiana of 1974, the Board of Liquidation, City Debt, is required to submit to the Council of the City of New Orleans a detailed report of all receipts and expenditures and all transactions of the Board of Liquidation, City Debt.

These transactions are reported for the twelve month period ending December 31, 2010, for the Bonded Debt administered by the Board of Liquidation, City Debt, for the accounts of the Sewerage and Water Board of New Orleans, the Audubon Park Commission of New Orleans, the Downtown Development District of New Orleans, the Audubon Area Security District, the Garden District Security Tax District, Huntington Park Subdivision Improvement District, the Kingswood Subdivision Improvement District, the Lake Bullard Neighborhood Improvement District, the Lake Carmel Improvement District, the Lake Forest Estates Improvement District, the Lake Oaks Subdivision Improvement District, the McKendall Estates Neighborhood Improvement District, the Spring Lake Improvement District, the Touro-Bouligny Security District, the Twinbrook Security District, and the Upper Hurstville Security District.

Sincerely,



Mary K. Zervigon



David W. Gernhauser

BOARD OF LIQUIDATION, CITY DEBT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  

---

DECEMBER 31, 2010

**Introduction**

Within this section of the Board of Liquidation, City Debt's (the "Board") annual financial report, management provides narrative discussion and analysis of the financial activities of the Board for the fiscal year ended December 31, 2010. The Board's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. Additional information is available in the transmittal letter which precedes the *Management's Discussion and Analysis*. The discussion focuses on the Board's primary government, and unless otherwise noted, there are no component units to be reported separately from the primary government.

**Fund Accounting**

The Board maintains one Fiduciary Fund to account for its activities, the Agency Fund. An Agency Fund is used to account for assets held for other funds, governments, or individuals. Accordingly, the accounts of the Board are organized and maintained on the basis of funds, each of which is considered a separate accounting entity, and is maintained for the purpose of attaining objectives in accordance with the various special restrictions, regulations and limitations.

**Overview of Financial Statements**

Management's Discussion and Analysis introduces the Board's basic financial statements. The basic financial statements are comprised of one fiduciary fund and includes:

(1) The Combining Statement of Assets, Liabilities, Custodial, Debt Service and Reserve Funds - Modified Cash Basis, (2) The Combining Statement of Cash Receipts, Disbursements and Changes in Liabilities, Custodial Debt Service and Reserve Funds - Modified Cash Basis, and (3) Notes to Financial Statements.

The Board also includes in this report additional information to supplement the basic financial statements.

**Basic Financial Statements**

The Combining Statement of Assets, Liabilities, Custodial, Debt Service and Reserve Funds - Modified Cash Basis presents all the assets and liabilities administered by the Board. Over time, increases and decreases in the balances presented on this financial statement may be useful indicators of whether the financial position of the Board is improving or deteriorating. However, evaluation of the economic health of the Board would extend to other non-financial factors such as the diversification of the taxpayer base in addition to the financial information provided in this report.

The Combining Statement of Cash Receipts, Disbursements, and Changes in Liabilities, and Custodial, Debt Service and Reserve Funds - Modified Cash Basis, reports the Board's inflows and outflows of cash. The purpose of the report is to show the sources and uses of funds administered by the Board.

**Notes to Financial Statements**

The accompanying Notes to Financial Statements provide information essential to a full understanding of the Board's financial statements. The notes to the financial statements begin immediately following the basic financial statements.

BOARD OF LIQUIDATION, CITY DEBT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)  
DECEMBER 31, 2010

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain Supplemental Information. This supplemental information follows the notes to the financial statements and includes:

Combining Schedules of Assets, Liabilities, Custodial, Debt Service, and Reserve Funds for all activities administered by the Board; Combining Schedules of Cash Receipts, Disbursements and Changes in Liabilities, Custodial, Debt Service, and Reserve Funds for all activities administered by the Board; details of bonded debt administered by the Board; details of bond sales during the year; details of ad valorem tax millage available to service bonded debt; and details of certain disbursements made during the year.

**Financial Analysis of the Board's Funds**

As year-to-year financial information is accumulated on a consistent basis, changes in fund balances may be observed and used to discuss the changing financial position of the Board as a whole.

**Fiduciary Funds**

The Debt Service and Reserve Funds in the Debt Administration section of the financial report have a combined fund balance of \$65,930,857. The Tax Credit Bond loan payable balance of \$118,533,615 is a result of the Board and the custodial agencies entering into Cooperative Endeavor Agreements with the State of Louisiana to secure proceeds from the Gulf Opportunity Tax Credit Bond Loan Program. Escrow accounts were created at Hancock Bank to make debt service payments on outstanding bonds for governmental agencies affected by Hurricanes Katrina and Rita. The General Obligation Debt Service Funds are designated for future debt service payments and were included in calculating the millage necessary to service the General Obligation Debt for 2011. The 2010 millage levy is 25.50 mills increasing from 23.8 mills in 2009. The key factor in raising the millage levy was to meet debt service requirements from the sale of \$40,000,000 Public Improvement Bonds, Issue 2010A Taxable Build America Bonds.

The following table provides a summary of the Board's assets, liabilities, custodial, debt service and reserve funds and the related changes in receipts over disbursements:

	<u>Debt Administration</u>		
	<u>2010</u>	<u>2009</u>	<u>Changes</u>
Total assets	\$ <u>93,809,769</u>	\$ <u>93,639,546</u>	\$ <u>170,223</u>
Total liabilities	\$ <u>27,878,912</u>	\$ <u>27,878,912</u>	\$ <u>0</u>
Total debt service and reserve funds	\$ <u>65,930,857</u>	\$ <u>65,760,634</u>	\$ <u>170,223</u>
Receipts	\$138,720,436	\$139,246,012	\$ (525,576)
Disbursements	<u>138,550,213</u>	<u>145,455,321</u>	<u>(6,905,108)</u>
Excess (deficiency) of receipts over disbursements	<u>\$ 170,223</u>	<u>\$ (6,209,309)</u>	<u>\$ 6,379,532</u>

BOARD OF LIQUIDATION, CITY DEBT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)  
DECEMBER 31, 2010

	<u>Custodial Accounts</u>		
	<u>2010</u>	<u>2009</u>	<u>Changes</u>
Total assets	\$ <u>53,016,154</u>	\$ <u>85,205,984</u>	\$ <u>(32,189,830)</u>
Total liabilities	\$ <u>90,916,406</u>	\$ <u>90,916,406</u>	\$ <u>0</u>
Total custodial funds	\$ <u>(37,900,252)</u>	\$ <u>(5,710,422)</u>	\$ <u>(32,189,830)</u>
Receipts	\$ 55,420,808	\$ 52,183,911	\$ 3,236,897
Disbursements	<u>87,610,638</u>	<u>89,133,251</u>	<u>(1,522,613)</u>
(Deficiency) of receipts over disbursements	\$ <u>(32,189,830)</u>	\$ <u>(36,949,340)</u>	\$ <u>4,759,510</u>

	<u>Totals</u>		
	<u>2010</u>	<u>2009</u>	<u>Changes</u>
Total assets	\$ <u>146,825,923</u>	\$ <u>178,845,530</u>	\$ <u>(32,019,607)</u>
Total liabilities	\$ <u>118,795,318</u>	\$ <u>118,795,318</u>	\$ <u>0</u>
Total custodial, debt service and reserve funds	\$ <u>28,030,605</u>	\$ <u>60,050,212</u>	\$ <u>(32,019,607)</u>
Receipts	\$ 194,141,244	\$ 191,429,923	\$ 2,711,321
Disbursements	<u>226,160,851</u>	<u>234,588,572</u>	<u>(8,427,721)</u>
(Deficiency) of receipts over disbursements	\$ <u>(32,019,607)</u>	\$ <u>(43,158,649)</u>	\$ <u>11,139,042</u>

Key Changes in Assets and Liabilities include:

- Assets increased \$170,223 in debt administration due to additional general obligation bond ad valorem tax receipts.
- Assets decreased \$32,189,830 in the custodial accounts due to payment of debt.

Key changes in receipts include:

Debt Administration

- Ad valorem tax receipts increased \$8,313,704.
- Bond proceeds increased \$17,132,380.
- Debt service funds decreased \$24,620,695.
- Interest on investments decreased \$1,006,882. This was primarily due to a decrease in the amount of assets on deposit and lower interest rates.
- Excess debt service and reserve decreased \$344,083.

BOARD OF LIQUIDATION, CITY DEBT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)  
DECEMBER 31, 2010

Key changes in receipts include: (Cont'd)

Custodial Accounts

- Ad valorem taxes increased \$4,405,963.
- Interest on investments decreased \$1,040,585.
- Revenue Sharing - State of Louisiana increased \$41,074.
- Bond proceeds increased \$667,717.
- Tax Credit Bond Loan proceeds decreased \$877,113.
- Fee - current year increased \$258,937.
- Fee - prior years increased \$12,959.
- Excess reserve and debt service funds decreased \$232,055.
- Warrants paid decreased \$3,949,290.
- Debt service increased \$2,426,831.

Key changes in disbursements include:

Debt Administration

- Interest payments increased \$85,435. This increase follows the payments required under the debt service schedules which includes the issuance of the new general obligation bonds in 2010.
- Principal payments decreased \$46,682,407. The majority of this decrease was due to the General Obligation bonds being called in 2009 and the Sewer BAN's which matured in 2009.
- Funds returned to the City of New Orleans, Sewer and Water Board, and Audubon Park Commission increased by \$39,675,483 because of the difference in interest earnings mainly as a result of bond proceeds from a bond sale in 2010 transferred to the City of New Orleans.
- Personal services increased \$18,947. This is mainly due to an increase in pension expense.

***Long-term Debt Administration***

At the end of the fiscal year, the Board administers total bonded debt outstanding of \$529,218,992 in General Obligation Bonds and \$25,140,000 in Limited Tax Bonds. The General Obligation Bonds are backed and fully funded with an unlimited ad valorem tax levy through the Board's statutory authority. The Limited Tax Bonds are supported by a voter approved tax millage of 2.5 mills collected by the City of New Orleans and remitted to the Board daily.

Other Custodial long-term debt is supported by voter approved special tax millages and revenues generated through the custodial agency. Debt service is collected from these custodial special taxes to pay debt service on special tax bonds. Debt service on the Revenue Bonds are supported by revenues remitted to the Board on a monthly basis by the Sewerage and Water Board of New Orleans except for the Louisiana Department of Health and Hospitals Loan Revenue Bonds Series 2010 A & B as described below.

On February 1, 2010, the Sewerage and Water Board and the Louisiana Department of Health and Hospitals entered into a loan agreement whereby up to \$3,400,000 of proceeds from the Drinking Water Revolving Loan Fund could be borrowed through the issuance of Revenue Bonds Series 2010 A & B. This loan is for the capital improvements to the water system of the City, including, but not limited to, a sodium hypochlorite facility. The Louisiana Department of Health and Hospitals agrees to forgive 30% of the loan proceeds up to \$1,000,000 of the \$3,400,000 borrowed as the funds are drawn. They also agree to

BOARD OF LIQUIDATION, CITY DEBT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)  
DECEMBER 31, 2010

**Long-term Debt Administration** (Cont'd)

set the interest rate at 2.95%, with an administrative fee of .5% payable on August 1<sup>st</sup> and February 1<sup>st</sup> until the loan is repaid. As of December 31, 2010 \$667,717 has been drawn by the Sewerage and Water Board on the loan. Security for this loan comes from a pledge of Sewerage and Water Board Construction and Extension Fund ad valorem tax collections that are on-hand at the Board of Liquidation. The Construction and Extension funds amounted to \$2,444,086 and were transferred from the Sewerage and Water Board custodial account to the Board of Liquidation's Debt Administration account. These funds are restricted to repay the loan and related costs. At December 31, 2010 the balance of these funds was \$2,392,070.

Outstanding bonds administered by the Board at December 31, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
<b>City of New Orleans:</b>		
General Obligation Bonds	\$529,218,992	\$548,018,709
Limited Tax Bonds	\$ 25,140,000	\$ 26,845,000
<b>Sewerage &amp; Water Board of New Orleans:</b>		
Drainage System Bonds	\$ 20,290,000	\$ 21,525,000
Sewerage Service Revenue Bonds	\$172,800,000	\$184,055,000
Sewerage Service Revenue Bonds Louisiana Department of Health and Hospitals	\$ 2,400,000	\$ 0
Water Revenue Bonds	\$ 34,635,000	\$ 36,750,000
<b>Audubon Park Commission:</b>		
Audubon Park Improvement Bonds	\$ 1,910,000	\$ 2,170,000
Audubon Aquarium Bonds	\$ 27,233,572	\$ 29,643,572
<b>Downtown Development District:</b>		
Downtown Development District Bonds	\$ 5,685,000	\$ 5,910,000

**Bond Ratings**

Bond ratings for the General Obligation Bonds of the City of New Orleans were upgraded by Fitch Rating Service and Standard & Poor's Rating to BBB in 2010, while Moody's Rating Service maintained a rating of Baa3. Although investment grade rated by all three agencies, the City general obligation ratings continue to feel the effects of Hurricanes Katrina and Rita, as well as the national economic crisis.

**Contacting the Board's Financial Management**

This financial report is designed to provide a general overview of the Board's finances, compliance with finance-related laws and regulations, and demonstrate the Board's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Board at: Board of Liquidation, City Debt, 1300 Perdido Street, Room 8E17, New Orleans, Louisiana 70112 or visit the Board of Liquidation's website at [www.boardofliquidation.com](http://www.boardofliquidation.com).

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INDEPENDENT AUDITOR'S REPORT

Mrs. Mary K. Zervigon, President, and Members  
Board of Liquidation, City Debt  
New Orleans, Louisiana

We have audited the accompanying financial statements of the Board of Liquidation, City Debt, a component unit of the City of New Orleans, as of and for the year ended December 31, 2010 as listed in the table of contents. These financial statements are the responsibility of the management of the Board of Liquidation, City Debt. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note B, the Board of Liquidation, City Debt prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and custodial, debt service and reserve fund balances of the Board of Liquidation, City Debt, at December 31, 2010, and cash receipts, disbursements and changes in liabilities, custodial, debt service and reserve fund balances for the year then ended, on the basis of accounting described in Note B.

Mrs. Mary K. Zervigon, President, and Members  
Board of Liquidation, City Debt

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2011 on our consideration of the Board of Liquidation, City Debt's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information listed in the table of contents is presented for the purposes of additional analysis, and is not a required part of the financial statements of the Board of Liquidation, City Debt. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the financial statements taken as a whole.



March 7, 2011

FINANCIAL STATEMENTS

BOARD OF LIQUIDATION, CITY DEBT  
 FIDUCIARY FUND TYPE - AGENCY FUND  
 COMBINING STATEMENT OF ASSETS, LIABILITIES, CUSTODIAL,  
 DEBT SERVICE AND RESERVE FUNDS-MODIFIED CASH BASIS  
 DECEMBER 31, 2010

	<u>Debt Administration</u>	<u>Account of Sewerage &amp; Water Board</u>
<u>ASSETS</u>		
Cash	\$ 14,094	\$ 365,875
Money market accounts	93,795,675	47,732,568
<i>Total Assets</i>	<u>\$ 93,809,769</u>	<u>\$ 48,098,443</u>
<u>LIABILITIES, CUSTODIAL, DEBT SERVICE AND RESERVE FUNDS</u>		
Interest payable	\$ 90,503	\$ 0
Principal payable	171,200	0
Tax Credit Bond loan payable	27,617,209	77,465,247
Reserve funds	50,861,883	0
Debt service funds	15,068,974	0
Custodial fund balance (deficit)	0	(29,366,804)
<i>Total Liabilities, Custodial, Debt Service and Reserve Funds</i>	<u>\$ 93,809,769</u>	<u>\$ 48,098,443</u>

See accompanying notes to financial statements.

Account of Downtown Development District	Account of Audubon Park Commission	Accounts of Special Taxing Districts	Total (Memorandum Only)
\$ 4,383	\$ 1,566	\$ 0	\$ 385,918
3,341,517	0	1,570,245	146,440,005
<u>\$ 3,345,900</u>	<u>\$ 1,566</u>	<u>\$ 1,570,245</u>	<u>\$ 146,825,923</u>
\$ 0	\$ 0	\$ 0	\$ 90,503
0	0	0	171,200
1,600,153	11,851,006	0	118,533,615
0	0	0	50,861,883
0	0	0	15,068,974
1,745,747	(11,849,440)	1,570,245	(37,900,252)
<u>\$ 3,345,900</u>	<u>\$ 1,566</u>	<u>\$ 1,570,245</u>	<u>\$ 146,825,923</u>

BOARD OF LIQUIDATION, CITY DEBT  
 FIDUCIARY FUND TYPE - AGENCY FUND  
 COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN LIABILITIES,  
 CUSTODIAL, DEBT SERVICE AND RESERVE FUNDS-MODIFIED CASH BASIS  
 YEAR ENDED DECEMBER 31, 2010

	<u>Debt Administration</u>	<u>Account of Sewerage &amp; Water Board</u>
<u>RECEIPTS</u>		
Ad valorem taxes-Current year	\$ 62,078,562	\$ 37,705,114
Ad valorem taxes-Prior years	1,939,479	966,474
Bond proceeds-new issue	39,600,000	667,717
Bond proceeds-cost of issuance	57,135	0
Fee-Current year	0	0
Fee-Prior years	0	0
Revenue sharing-State of Louisiana	0	344,463
Debt service funds	33,541,754	0
Debt service funds-Federal subsidy- taxable Build America Bonds	975,015	0
Interest on investments	421,674	240,120
Excess reserve and debt service funds	106,817	66,297
<i>Total receipts</i>	<u>138,720,436</u>	<u>39,990,185</u>
<u>DISBURSEMENTS</u>		
Interest on bonds	59,645,723	0
Principal on bonds	38,004,717	0
Administrative expenses-IADHH	191	0
Warrants	0	66,933,404
Debt service	0	4,626,825
Personal services	408,988	0
Contractual services	62,537	0
Office expenses	28,479	0
Funds returned to City of New Orleans, Sewerage & Water Board, and Audubon Park Commission	40,115,003	0
Cost of issuance	284,575	0
<i>Total disbursements</i>	<u>138,550,213</u>	<u>71,560,229</u>
Excess (Deficiency) of receipts over disbursements	170,223	(31,570,044)
Liabilities, Custodial, Debt Service and Reserve Funds at:		
December 31, 2009	<u>93,639,546</u>	<u>79,668,487</u>
December 31, 2010	<u>\$ 93,809,769</u>	<u>\$ 48,098,443</u>

See accompanying notes to financial statements

Account of Downtown Development District	Account of Audubon Park Commission	Accounts of Special Taxing Districts	Total (Memorandum Only)
\$ 5,161,400	\$ 7,670,187	\$ 995,165	\$ 113,610,428
325,531	269,783	30,474	3,531,741
0	0	0	40,267,717
0	0	0	57,135
0	0	905,230	905,230
0	0	46,528	46,528
0	0	0	344,463
0	0	0	33,541,754
0	0	0	975,015
14,668	0	10,314	686,776
442	901	0	174,457
<u>5,502,041</u>	<u>7,940,871</u>	<u>1,987,711</u>	<u>194,142,244</u>
0	0	0	59,645,723
0	0	0	38,004,717
0	0	0	191
5,712,581	3,938,500	1,869,506	78,453,991
527,728	4,002,094	0	9,156,647
0	0	0	408,988
0	0	0	62,537
0	0	0	28,479
0	0	0	40,115,003
0	0	0	284,575
<u>6,240,309</u>	<u>7,940,594</u>	<u>1,869,506</u>	<u>226,160,851</u>
(738,268)	277	118,205	(32,019,607)
4,084,168	1,289	1,452,040	178,845,530
<u>\$ 3,345,900</u>	<u>\$ 1,566</u>	<u>\$ 1,570,245</u>	<u>\$ 146,825,923</u>

BOARD OF LIQUIDATION, CITY DEBT  
NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS  
DECEMBER 31, 2010

A. General Information

The Board of Liquidation, City Debt (the "Board") is a component unit of the City of New Orleans (the "City"). The Board has exclusive control and direction of all matters relating to the bonded debt of the City. Accordingly, all of the City's general obligation bonds, and the revenue and limited tax bonds issued for the Sewerage and Water Board of New Orleans, the Downtown Development District of New Orleans, and the Audubon Park Commission of New Orleans are sold by and through the Board. No bonds may be sold without approval of the members of the Board. All property taxes levied by the City and dedicated to the payment of outstanding general obligation and limited tax bonds are collected by the City and, as required by law, paid over to the Board, day by day as collected. Such tax revenues are invested in fully secured money market accounts, certificates of deposit, and/or full faith and credit obligations of the U.S. Government until applied by the Board to the payment of principal and interest on outstanding bonds.

The Board annually determines the amount of Ad Valorem Tax millage necessary to be levied and collected by the City in the next fiscal year for the payment during such year of principal and interest on all outstanding general obligation bonds of the City and all such general obligation bonds proposed to be issued by the City in such year. This determination is based upon an analysis by the Board of the current and anticipated assessed value of taxable property in the City and current and anticipated cash reserves held by the Board. The assessed value of property in the City for each year is determined by the Orleans Parish Assessor and certified by the Louisiana Tax Commission as complying with the Louisiana Constitution of 1974. The annual determination of the necessary tax millage to service bonds of the City is adopted by resolution of the Board that is submitted to the City Council. The millage recommended by the Board is then levied by the City Council.

No general obligation bonds, special tax bonds, or revenue bonds of the agencies mentioned above may be issued by the City without the approval of the Board and the City Council. The Board requires as a condition of such approval that a) the reasonably anticipated property tax revenues of the City be adequate to service the proposed bond issue and all outstanding bonds of the City and to maintain reasonable reserves, b) the proposed bond issue comply with any applicable legal debt limitation, and c) the purposes for which the bonds are sold be capital in nature. All new general obligation bond issuance must be approved by a majority of the voters in the City. Act 1 of 1994 by the Louisiana Legislature establishes the legal debt limit for the City. Act 4 of 1916, as amended, by the Louisiana Legislature and Article VI, Section 33 of the Louisiana Constitution of 1974 provides that the full faith and credit of the City are pledged for its general obligation bonds and the City is authorized to levy taxes upon all taxable property in the City without limitation of rate or amount sufficient to pay the principal and interest on such bonds as they mature.

BOARD OF LIQUIDATION, CITY DEBT  
NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS  
(Continued)  
DECEMBER 31, 2010

General Information (Cont'd)

The Board issues bonds for the Sewerage and Water Board of New Orleans, the Downtown Development District of New Orleans, and the Audubon Park Commission of New Orleans. Issued in the name of the City, these bonds may be funded by the dedicated millage or water and sewer rates. The Sewerage and Water Board, the City Council, and the Board, must approve the water and sewerage service rates necessary to fund any bonds. Ad Valorem Tax millage necessary to service special tax bonds is set by statute and levied by the City Council each year. Ad Valorem Tax millage necessary to service the general obligation bonded debt each year is determined by the Board, and is levied by the City Council annually.

In addition, the Board serves in a custodial capacity for the accounts of the Sewerage and Water Board of New Orleans, the Downtown Development District of New Orleans, the Audubon Park Commission of New Orleans, the Lake Forest Estates Improvement District, the Garden District Security Tax District, the Springlake Improvement District, the Audubon Area Security District, the Lake Bullard Neighborhood Improvement District, the Lake Carmel Subdivision Improvement District, Lake Oaks Subdivision Improvement District, the Huntington Park Subdivision Improvement District, the McKendall Estates Neighborhood Improvement District, the Upper Hurstville Security District, the Touro-Bouligny Security District, the Kingswood Subdivision Improvement District and the Twinbrook Security District.

Funds collected for these agencies are deposited in special accounts or invested in money market accounts, certificates of deposit, and/or full faith and credit obligations of the U.S. Government. The Board pays any expenditure made from these accounts as authorized by warrants and supporting resolutions of the various agencies.

Administration expenditures paid in connection with the operations of the Board are recorded within Debt Administration.

B. Summary of Significant Accounting Policies

Fund Accounting

The Board maintains one Fiduciary Fund to account for its activities, the Agency Fund. An Agency fund is used to account for assets held for other funds, governments, or individuals. Accordingly, the accounts of the Board are organized and maintained on the basis of funds, each of which is considered a separate accounting entity, and is maintained for the purpose of attaining objectives in accordance with the various special restrictions, regulations and limitations.

Method of Accounting

The Board prepares its financial statements on the modified cash basis of accounting wherein receipts are recognized when received rather than when earned and disbursements are recognized when disbursed rather than when incurred, except for matured and unpaid bonds and coupons and the tax credit bond loan proceeds, which are reflected as liabilities when the obligation is incurred.

BOARD OF LIQUIDATION, CITY DEBT  
NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS  
(Continued)  
DECEMBER 31, 2010

C. Bank Balances

At December 31, 2010, the Board's deposits with banks consisted of cash and money market accounts as follows:

Demand accounts	\$ 578,320
Money market accounts	<u>146,440,005</u>
Total Bank Balances	<u>\$147,018,325</u>

These deposits were covered by Federal Deposit Insurance or by collateral held by a third party in the Board's name as follows:

Insured	\$ 752,005
Collateralized	<u>146,266,320</u>
Total Bank Balances	<u>\$147,018,325</u>

D. Annual and Sick Leave

All present employees of the Board are permitted to accumulate annual and sick leave. Upon termination of employment, an employee is paid for their accumulated annual leave based on their current hourly rate of pay, and for their accumulated sick leave on a formula basis. If termination is the result of retirement, the employee has the option of converting their accrued sick leave to additional years of service.

As described in Note B, the Board's financial statements are prepared on the modified cash basis of accounting; accordingly, the Board's liability for annual and sick leave is not reflected in the accompanying financial statements.

At December 31, 2010 the Board's liability for annual and sick leave totaled \$127,901.

E. Pension Plan

Employees of the Board are covered under a City of New Orleans Employees' Pension Plan, a single-employer, and contributory defined benefit pension plan. The plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan. This report may be obtained by writing or calling the plan at:

Employee Retirement System of New Orleans  
1300 Perdido Street, Room 1E08  
New Orleans, Louisiana 70112  
(504) 299-4150

Under this plan, employees with thirty years of service, or who attain age sixty with ten years of service, or age sixty-five, irrespective of length of service are entitled to a retirement allowance. The retirement allowance consists of an annuity, which is the actuarial equivalent of the employees' accumulated contribution plus an annual pension, which, together with the annuity, provides a total retirement allowance equal to 2% to 4% of average compensation times the number of years of service. The maximum pension may not exceed 100% of average compensation. Pension

BOARD OF LIQUIDATION, CITY DEBT  
NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS  
(Continued)  
DECEMBER 31, 2010

Pension Plan (Cont'd)

amounts are reduced for service retirement prior to age sixty-two. Average compensation is defined as average earned annual compensation for the highest thirty-six consecutive months of service. Mandatory retirement age is seventy.

Pension benefits vest at age sixty or after completion of ten years of service. The Employees' Pension Plan also provides death and disability benefits.

Employees contribute 4% of their salary per year. Employer contributions to the plan are based upon the amount necessary to fund normal cost and amortization of past service costs over a period of thirty years beginning July 1, 1974, using the level percentage of payroll method. The Board's contributions to the Plan during the year totaled \$52,948 and is included in 'Personal services'.

F. Gulf Opportunity Tax Credit Bond Loan Program

On July 19, 2006 the Board entered into Cooperative Endeavor Agreements with the State of Louisiana to secure proceeds from the State's Gulf Opportunity Tax Credit Bond Loan Program. These agreements are intended for the following purposes:

Paying debt service of the City on outstanding debt for general obligation and special limited tax bonds.

Paying outstanding debt for special tax bonds of the:

Downtown Development District,

Audubon Commission, and

Sewerage and Water Board of New Orleans, and

Paying outstanding sewerage revenue and water revenue bonds of the Sewerage and Water Board.

The loan proceeds will be held in escrow at Hancock Bank and distributed to the Bank of New York, the Board's paying agent, as debt service maturities become payable. The amounts in escrow are not recorded on the books until these transfers take place. Once transferred, the debt service payments are made and the loan proceeds are recorded as loans payable in the appropriate custodial accounts.

These loans mature on July 15, 2012, at which time the borrower can either apply for a five year deferment, pay the loan in full or make semi-annual payments in accordance with the twenty-five year debt service schedule that ends on July 15, 2026.

BOARD OF LIQUIDATION, CITY DEBT  
 NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS  
 (Continued)  
 DECEMBER 31, 2010

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Gulf Opportunity Tax Credit Bond Loan Program (Cont'd)

Total amounts available under these loans are:

Cooperative Endeavor Agreement between the State and:

Board of Liquidation:

General obligation bonds	\$ 24,713,549
Limited tax bonds	<u>2,903,660</u>

27,617,209

Downtown Development District	<u>1,600,153</u>
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Audubon Park Commission:

Audubon Park Commission .32 Mills	1,091,230
Audubon Park Commission 2.99 Mills	<u>10,759,776</u>

11,851,006

Sewerage and Water Board	<u>77,465,247</u>
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\$118,533,615

Borrowings as of December 31, 2010 were:

Cooperative Endeavor Agreement between the State and:

Board of Liquidation:

General obligation bonds	\$ 24,713,549
Limited tax bonds	<u>2,903,660</u>

27,617,209

Downtown Development District	<u>1,600,153</u>
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Audubon Park Commission:

Audubon Park Commission .32 Mills	1,091,230
Audubon Park Commission 2.99 Mills	<u>10,759,776</u>

11,851,006

Sewerage and Water Board	<u>77,465,247</u>
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\$118,533,615

As of December 31, 2010, the \$24,713,549 available for general obligation bonds was borrowed to make fiscal year 2006 debt service payments.

As of December 31, 2010, the \$2,903,660 available for the City of New Orleans Limited Tax bonds was borrowed to make the debt service payment that was due September 1, 2006 and March 1, 2007 debt service payment.

As of December 31, 2010, \$1,600,153 available for the Downtown Development District was borrowed to make the debt service payments due on December 1, 2006, June 1, 2007, December 1, 2007, June 1, 2008, December 1, 2008 and June 1, 2009.

BOARD OF LIQUIDATION, CITY DEBT  
NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS  
(Continued)  
DECEMBER 31, 2010

Gulf Opportunity Tax Credit Bond Loan Program (Cont'd)

As of December 31, 2010, the \$11,851,006 available for the Audubon Commission was borrowed to make the debt service payments due on October 1, 2006, December 1, 2006, April 1, 2007, June 1, 2007, October 1, 2007, December 1, 2007, April 1, 2008, June 1, 2008, October 1, 2008, December 1, 2008 and June 1, 2009.

In addition to the above loans, the Audubon Park Commission's Cooperative endeavor agreement includes an additional \$4,907,500 for their 1997 Aquarium Revenue Bonds. These bonds are not part of the Board's responsibility; accordingly, the related loan is not included in the accompanying financial statements.

As of December 31, 2010, the entire \$77,465,247 available for the Sewerage and Water Board of New Orleans was borrowed. \$45,965,247 was used to make debt service payments on the Drainage System special tax bonds, Sewerage Service revenue and Water revenue bonds that were due on December 1, 2006, June 1, 2007, December 1, 2007, June 1, 2008, and \$31,500,000 was used to make a partial payment on the maturing Sewerage Service Revenue bond anticipation notes that matured on July 26, 2006.

Debt service payments made through the Gulf Opportunity Tax Credit Loan Program in the current year are recorded as defeased bonds and listed separately from the outstanding bonds of the Audubon Commission, Downtown Development District, and Sewerage and Water Board of New Orleans.

G. Total (Memorandum Only) Columns

The total columns are captioned "memorandum only" because they do not represent consolidated financial information and are presented only to make financial analysis easier. Data in these columns do not present financial position in accordance with the other comprehensive basis of accounting disclosed in Note B. Interfund eliminations have not been made in the aggregation of this data.

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SUPPLEMENTAL INFORMATION

BOARD OF LIQUIDATION, CITY DEBT  
DEBT ADMINISTRATION  
COMBINING SCHEDULE OF ASSETS, LIABILITIES,  
DEBT SERVICE AND RESERVE FUNDS-MODIFIED CASH BASIS  
DECEMBER 31, 2010

	General Obligation Bonds	Capital Improvement Limited Tax	LADHH Loan Revenue Bonds	Drainage System Bonds 6 mill	Drainage System Bonds 9 mill
<u>ASSETS</u>					
Cash (Due to other funds)	\$ (131,638)	\$ 0	\$ 6,670	\$ 80	\$ 23,905
Money market accounts	55,156,622	5,289,825	2,385,400	0	0
<i>Total Assets</i>	<u>\$ 55,024,984</u>	<u>\$ 5,289,825</u>	<u>\$ 2,392,070</u>	<u>\$ 80</u>	<u>\$ 23,905</u>
<u>LIABILITIES, DEBT SERVICE AND RESERVE FUNDS</u>					
Interest payable	\$ 40,713	\$ 0	\$ 0	\$ 80	\$ 5,755
Principal payable	82,300	0	0	0	18,130
Tax Credit Bond loan payable	24,713,549	2,903,660	0	0	0
Reserve funds	30,188,422	0	0	0	0
Debt service funds	0	2,386,165	2,392,070	0	0
<i>Total Liabilities, Debt Service and Reserve Funds</i>	<u>\$ 55,024,984</u>	<u>\$ 5,289,825</u>	<u>\$ 2,392,070</u>	<u>\$ 80</u>	<u>\$ 23,905</u>

Water Revenue Bonds	Sewerage Service Revenue Bonds	Sewerage & Water Board Matured Bonds	Audubon Park Commission Bonds	Downtown Develop- ment District Tax Bonds	Defeased Bonds	Total
\$ 7,561	\$ 6,127	\$ 37,142	\$ 710	\$ 0	\$ 63,537	\$ 14,094
5,036,572	25,345,866	0	307,325	274,065	0	93,795,675
<u>\$ 5,044,133</u>	<u>\$ 25,351,993</u>	<u>\$ 37,142</u>	<u>\$ 308,035</u>	<u>\$ 274,065</u>	<u>\$ 63,537</u>	<u>\$ 93,809,769</u>
\$ 2,506	\$ 810	\$ 12,142	\$ 710	\$ 0	\$ 27,787	\$ 90,503
5,000	5,000	25,000	0	0	35,750	171,200
0	0	0	0	0	0	27,617,209
3,928,380	16,164,124	0	307,088	273,869	0	50,861,883
1,108,247	9,182,059	0	237	196	0	15,068,974
<u>\$ 5,044,133</u>	<u>\$ 25,351,993</u>	<u>\$ 37,142</u>	<u>\$ 308,035</u>	<u>\$ 274,065</u>	<u>\$ 63,537</u>	<u>\$ 93,809,769</u>

BOARD OF LIQUIDATION, CITY DEBT  
ACCOUNT OF SEWERAGE & WATER BOARD OF NEW ORLEANS  
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND  
CUSTODIAL FUNDS-MODIFIED CASH BASIS  
DECEMBER 31, 2010

	<u>Construction &amp; Extension Fund 2 mill</u>	<u>Drainage System Fund 3 mill</u>	<u>Drainage System Fund 6 mill</u>
<u>ASSETS</u>			
Cash	\$ 1,795	\$ 1,566	\$ 157,135
Money market accounts	0	2,404,361	3,910,004
<i>Total Assets</i>	<u>\$ 1,795</u>	<u>\$ 2,405,927</u>	<u>\$ 4,067,139</u>
 <u>LIABILITIES AND CUSTODIAL FUNDS</u>			
Tax Credit Bond loan payable	\$ 0	\$ 0	\$ 0
Custodial fund balance (deficit)	1,795	2,405,927	4,067,139
<i>Total Liabilities and Custodial Funds</i>	<u>\$ 1,795</u>	<u>\$ 2,405,927</u>	<u>\$ 4,067,139</u>

<u>Drainage System Fund 9 mill</u>	<u>Drainage System Bond Proceeds</u>	<u>Water Revenue Bond Proceeds</u>	<u>Sewerage Service Revenue Bond Proceeds</u>	<u>Total</u>
\$ 1,383	\$ 2,283	\$ 60,544	\$ 141,169	\$ 365,875
<u>26,018,100</u>	<u>5,155,792</u>	<u>2,633,901</u>	<u>7,610,410</u>	<u>47,732,568</u>
<u>\$ 26,019,483</u>	<u>\$ 5,158,075</u>	<u>\$ 2,694,445</u>	<u>\$ 7,751,579</u>	<u>\$ 48,098,443</u>
\$ 4,335,115	\$ 0	\$ 6,807,041	\$ 66,323,091	\$ 77,465,247
<u>21,684,368</u>	<u>5,158,075</u>	<u>(4,112,596)</u>	<u>(58,571,512)</u>	<u>(29,366,804)</u>
<u>\$ 26,019,483</u>	<u>\$ 5,158,075</u>	<u>\$ 2,694,445</u>	<u>\$ 7,751,579</u>	<u>\$ 48,098,443</u>

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BOARD OF LIQUIDATION, CITY DEBT  
ACCOUNT OF DOWNTOWN DEVELOPMENT DISTRICT OF NEW ORLEANS  
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND  
CUSTODIAL FUNDS-MODIFIED CASH BASIS  
DECEMBER 31, 2010

	Special Tax Fund	DDD Bond Proceeds	Total
<u>ASSETS</u>			
Cash	\$ 2,611	\$ 1,772	\$ 4,383
Money market accounts	2,986,423	355,094	3,341,517
<i>Total Assets</i>	\$ 2,989,034	\$ 356,866	\$ 3,345,900
 <u>LIABILITIES AND CUSTODIAL FUNDS</u>			
Tax Credit Bond loan payable	\$ 1,600,153	\$ 0	\$ 1,600,153
Custodial fund balance	1,388,881	356,866	1,745,747
<i>Total Liabilities and Custodial Funds</i>	\$ 2,989,034	\$ 356,866	\$ 3,345,900

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BOARD OF LIQUIDATION, CITY DEBT  
ACCOUNT OF AUDUBON PARK COMMISSION OF NEW ORLEANS  
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND  
CUSTODIAL FUNDS-MODIFIED CASE BASIS  
DECEMBER 31, 2010

	<u>Aquarium Tax Fund</u>	<u>Special Tax Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 643	\$ 923	\$ 1,566
<i>Total Assets</i>	<u>\$ 643</u>	<u>\$ 923</u>	<u>\$ 1,566</u>
<u>LIABILITIES AND CUSTODIAL FUNDS</u>			
Tax Credit Bond loan payable	\$ 10,759,776	\$ 1,091,230	\$ 11,851,006
Custodial fund (deficit)	(10,759,133)	(1,090,307)	(11,849,440)
<i>Total Liabilities and Custodial Funds</i>	<u>\$ 643</u>	<u>\$ 923</u>	<u>\$ 1,566</u>

BOARD OF LIQUIDATION, CITY DEBT  
 ACCOUNTS OF SPECIAL TAXING DISTRICTS OF NEW ORLEANS  
 COMBINING SCHEDULE OF ASSETS AND  
 CUSTODIAL FUNDS-MODIFIED CASH BASIS  
 DECEMBER 31, 2010

	Garden District Security Tax District	Huntington Park Subdivision Improvement District	Kingswood Subdivision Improvement District	Lake Bullard Subdivision Improvement District	Lake Carmel Subdivision Improvement District
<u>ASSETS</u>					
Money market accounts	\$ 768,120	\$ 10,357	\$ 107,009	\$ 37,864	\$ 16,919
Total Assets	<u>\$ 768,120</u>	<u>\$ 10,357</u>	<u>\$ 107,009</u>	<u>\$ 37,864</u>	<u>\$ 16,919</u>
<u>CUSTODIAL FUND BALANCE</u>	<u>\$ 768,120</u>	<u>\$ 10,357</u>	<u>\$ 107,009</u>	<u>\$ 37,864</u>	<u>\$ 16,919</u>

Lake Forest Estates Improvement District	Lake Oaks Subdivision Improvement District	McKendall Estates Neighborhood Improvement District	Springlake Improvement District	Touro- Bouligny Security District	Twinbrook Security District	Upper Hurtsville Security District	Total
\$ 70,533	\$ 95,823	\$ 11,068	\$ 23,511	\$ 215,184	\$ 65,641	\$ 148,216	\$ 1,570,245
<u>\$ 70,533</u>	<u>\$ 95,823</u>	<u>\$ 11,068</u>	<u>\$ 23,511</u>	<u>\$ 215,184</u>	<u>\$ 65,641</u>	<u>\$ 148,216</u>	<u>\$ 1,570,245</u>
<u>\$ 70,533</u>	<u>\$ 95,823</u>	<u>\$ 11,068</u>	<u>\$ 23,511</u>	<u>\$ 215,184</u>	<u>\$ 65,641</u>	<u>\$ 148,216</u>	<u>\$ 1,570,245</u>

BOARD OF LIQUIDATION, CITY DEBT  
DEBT ADMINISTRATION  
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES  
IN LIABILITIES, DEBT SERVICE AND RESERVE FUNDS-MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2010

	General Obligation Bonds	Capital Improvement Limited Tax	LADHH Loan Revenue Bonds	Drainage System Bonds 6 mill	Drainage System Bonds 9 mill
<b>RECEIPTS</b>					
Ad valorem taxes-Current year	\$ 59,092,092	\$ 2,986,470	\$ 0	\$ 0	\$ 0
Ad valorem taxes-Prior years	1,939,479	0	0	0	0
Bond proceeds-new issue	39,600,000	0	0	0	0
Bond proceeds-cost of issuance	0	0	57,135	0	0
Debt service funds	0	0	2,386,951	0	2,182,739
Debt service funds-Federal subsidy- Taxable Build America Bonds	975,015	0	0	0	0
Interest on investments	408,633	0	0	0	0
Excess reserve and debt service funds	4	0	6,437	0	0
<i>Total receipts</i>	<u>102,015,223</u>	<u>2,986,470</u>	<u>2,450,523</u>	<u>0</u>	<u>2,182,739</u>
<b>DISBURSEMENTS</b>					
Interest on bonds	45,101,827	1,231,936	1,127	0	947,739
Principal on bonds	18,799,717	1,705,000	0	0	1,235,000
Administrative Expenses-LADHH	0	0	191	0	0
Personal services	408,988	0	0	0	0
Contractual services	62,537	0	0	0	0
Office expenses	28,479	0	0	0	0
Funds returned to City of New Orleans, Sewerage & Water Board, and Audubon Park Commission	40,000,189	0	0	0	0
Cost of issuance	227,440	0	57,135	0	0
<i>Total disbursements</i>	<u>104,629,177</u>	<u>2,936,936</u>	<u>58,453</u>	<u>0</u>	<u>2,182,739</u>
Excess (Deficiency) of receipts over disbursements	(2,613,954)	49,534	2,392,070	0	0
Liabilities, Debt Service and Reserve funds at:					
December 31, 2009	57,638,938	5,240,291	0	80	23,905
December 31, 2010	<u>\$ 55,024,984</u>	<u>\$ 5,289,825</u>	<u>\$ 2,392,070</u>	<u>\$ 80</u>	<u>\$ 23,905</u>

Water Revenue Bonds	Sewerage Service Revenue Bonds	Sewerage & Water Board Matured Bonds	Audubon Park Commission Bonds	Audubon Park Commission Aquarium Bonds	Downtown Development District Tax Bonds	Defeascd Bonds	Total
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 62,078,562
0	0	0	0	0	0	0	1,939,479
0	0	0	0	0	0	0	39,600,000
0	0	0	0	0	0	0	57,135
3,887,880	20,554,362	0	372,015	3,630,079	527,728	0	33,541,754
0	0	0	0	0	0	0	975,015
2,201	10,840	0	0	0	0	0	421,674
20,142	78,459	0	1,138	0	637	0	106,817
<u>3,910,223</u>	<u>20,643,661</u>	<u>0</u>	<u>373,153</u>	<u>3,630,079</u>	<u>528,365</u>	<u>0</u>	<u>138,720,436</u>
1,771,267	8,957,006	0	112,015	1,220,079	302,727	0	59,645,723
2,115,000	11,255,000	0	260,000	2,410,000	225,000	0	38,004,717
0	0	0	0	0	0	0	191
0	0	0	0	0	0	0	408,968
0	0	0	0	0	0	0	62,537
0	0	0	0	0	0	0	28,479
22,146	91,325	0	901	0	442	0	40,115,003
0	0	0	0	0	0	0	284,575
<u>3,908,413</u>	<u>20,303,331</u>	<u>0</u>	<u>372,916</u>	<u>3,630,079</u>	<u>528,169</u>	<u>0</u>	<u>138,550,213</u>
1,810	340,330	0	237	0	196	0	170,223
5,042,323	25,011,663	37,142	307,798	0	273,369	63,537	93,639,546
<u>\$ 5,044,133</u>	<u>\$ 25,351,993</u>	<u>\$ 37,142</u>	<u>\$ 308,035</u>	<u>\$ 0</u>	<u>\$ 274,065</u>	<u>\$ 63,537</u>	<u>\$ 93,809,769</u>

BOARD OF LIQUIDATION, CITY DEBT  
ACCOUNT OF SEWERAGE & WATER BOARD OF NEW ORLEANS  
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES  
IN LIABILITIES AND CUSTODIAL FUNDS-MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2010

	<u>LADHH Loan Revenue Bonds</u>	<u>Construction &amp; Extension Fund 2 mill</u>	<u>Drainage System Fund 3 mill</u>
<u>RECEIPTS</u>			
Ad valorem taxes-Current year	\$ 0	\$ 0	\$ 10,694,224
Ad valorem taxes-Prior years	0	1,045	273,586
Bond proceeds	667,717	0	0
Revenue sharing-State of Louisiana	0	0	344,463
Interest on investments	0	2,502	18,100
Excess reserve and debt service	0	0	0
<i>Total receipts</i>	<u>667,717</u>	<u>3,547</u>	<u>11,330,373</u>
<u>DISBURSEMENTS</u>			
Warrants	667,717	0	10,184,257
Debt service	0	2,444,086	0
<i>Total disbursements</i>	<u>667,717</u>	<u>2,444,086</u>	<u>10,184,257</u>
Excess (Deficiency) of receipts over disbursements	0	(2,440,539)	1,146,116
Liabilities and Custodial Fund Balance at:			
December 31, 2009	0	2,442,334	1,259,811
December 31, 2010	<u>\$ 0</u>	<u>\$ 1,795</u>	<u>\$ 2,405,927</u>

Drainage System Fund 6 mill	Drainage System Fund 9 mill	Drainage System Bond Proceeds	Water Revenue Bond Proceeds	Sewerage Service Revenue Bond Proceeds	Total
\$ 10,808,869	\$ 16,202,021	\$ 0	\$ 0	\$ 0	\$ 37,705,114
276,919	414,924	0	0	0	966,474
0	0	0	0	0	667,717
0	0	0	0	0	344,463
40,700	94,642	20,082	9,746	54,348	240,120
0	0	0	6,824	59,473	66,297
<u>11,126,488</u>	<u>16,711,587</u>	<u>20,082</u>	<u>16,570</u>	<u>113,821</u>	<u>39,990,185</u>
23,907,048	16,169,108	767,044	485,916	14,752,314	66,933,404
0	2,182,739	0	0	0	4,626,825
<u>23,907,048</u>	<u>18,351,847</u>	<u>767,044</u>	<u>485,916</u>	<u>14,752,314</u>	<u>71,560,229</u>
(12,780,560)	(1,640,260)	(746,962)	(469,346)	(14,638,493)	(31,570,044)
16,847,699	27,659,743	5,905,037	3,163,791	22,390,072	79,668,487
<u>\$ 4,067,139</u>	<u>\$ 26,019,483</u>	<u>\$ 5,158,075</u>	<u>\$ 2,694,445</u>	<u>\$ 7,751,579</u>	<u>\$ 48,098,443</u>

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BOARD OF LIQUIDATION, CITY DEBT  
ACCOUNT OF DOWNTOWN DEVELOPMENT DISTRICT OF NEW ORLEANS  
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES  
IN LIABILITIES AND CUSTODIAL FUNDS-MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2010

	Special Tax Fund	DDD Bond Proceeds	Total
<u>RECEIPTS</u>			
Ad valorem taxes-Current year	\$ 5,161,400	\$ 0	\$ 5,161,400
Ad valorem taxes-Prior years	325,531	0	325,531
Interest on investments	13,156	1,512	14,668
Excess reserve and debt service funds	0	442	442
<i>Total receipts</i>	5,500,087	1,954	5,502,041
 <u>DISBURSEMENTS</u>			
Warrants	5,701,452	11,129	5,712,581
Debt service	527,728	0	527,728
<i>Total disbursements</i>	6,229,180	11,129	6,240,309
 (Deficiency) of receipts over disbursements	 (729,093)	 (9,175)	 (738,268)
 Liabilities and Custodial Fund Balance at:			
December 31, 2009	3,718,127	366,041	4,084,168
December 31, 2010	\$ 2,989,034	\$ 356,866	\$ 3,345,900

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BOARD OF LIQUIDATION, CITY DEBT  
ACCOUNT OF AJDUBON PARK COMMISSION OF NEW ORLEANS  
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES  
IN LIABILITIES AND CUSTODIAL FUNDS-MODIFIED CASH BASIS  
YEAR ENDED DECEMBER 31, 2010

	Aquarium Tax Fund	Special Tax Fund	Total
<u>RECEIPTS</u>			
Ad valorem taxes-Current year	\$ 6,928,636	\$ 741,551	\$ 7,670,187
Ad valorem taxes-Prior years	243,680	26,103	269,783
Excess reserve and debt service funds	0	901	901
<i>Total receipts</i>	<u>7,172,316</u>	<u>768,555</u>	<u>7,940,871</u>
<u>DISBURSEMENTS</u>			
Warrants	3,542,000	396,500	3,938,500
Debt service	3,630,079	372,015	4,002,094
<i>Total disbursements</i>	<u>7,172,079</u>	<u>768,515</u>	<u>7,940,594</u>
Excess of receipts over disbursements	237	40	277
Liabilities and Custodial Fund Balance at:			
December 31, 2009	406	883	1,289
December 31, 2010	<u>\$ 643</u>	<u>\$ 923</u>	<u>\$ 1,566</u>

BOARD OF LIQUIDATION, CITY DEBT  
 ACCOUNTS OF SPECIAL TAXING DISTRICTS OF NEW ORLEANS  
 COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND  
 CHANGES IN CUSTODIAL FUNDS-MODIFIED CASH BASIS  
 YEAR ENDED DECEMBER 31, 2010

	Audubon Area Security District	Garden District Security Tax District	Huntington Park Improvement District	Kingswood Subdivision Improvement District	Lake Bullard Neighbor- hood Improvement District	Lake Carmel Subdivision Improvement District
<b>RECEIPTS</b>						
Ad valorem taxes-Current year	\$ 0	\$ 747,642	\$ 0	\$ 0	\$ 0	\$ 0
Ad valorem taxes-Prior years	0	23,244	0	0	0	0
Fee-Current year	0	0	19,933	71,376	62,447	77,411
Fee-Prior year	0	0	3,306	5,104	3,223	6,204
Interest on investments	201	4,815	117	646	187	196
<i>Total receipts</i>	<u>201</u>	<u>775,701</u>	<u>23,356</u>	<u>77,126</u>	<u>65,857</u>	<u>83,811</u>
<b>DISBURSEMENTS</b>						
Warrants	75,669	660,000	47,710	91,000	43,127	85,000
<i>Total disbursements</i>	<u>75,669</u>	<u>660,000</u>	<u>47,710</u>	<u>91,000</u>	<u>43,127</u>	<u>85,000</u>
Excess (Deficiency) of receipts over disbursements	(75,468)	115,701	(24,354)	(13,874)	22,730	(1,189)
Custodial Fund Balance at:						
December 31, 2009	75,468	652,419	34,711	120,883	15,134	18,108
December 31, 2010	<u>\$ 0</u>	<u>\$ 768,120</u>	<u>\$ 10,357</u>	<u>\$ 107,009</u>	<u>\$ 37,864</u>	<u>\$ 16,919</u>

Lake Forest Estates Improvement District	Lake Oaks Subdivision Improvement District	McKendall Estates Neighborhood Improvement District	Springlake Improvement District	Touro- Boulogny Security District	Twinbrook Security District	Upper Hurtsville Security District	Total
\$ 0	\$ 0	\$ 0	\$ 0	\$ 247,523	\$ 0	\$ 0	\$ 995,165
0	0	0	0	7,230	0	0	30,474
62,215	94,147	33,000	32,532	0	230,068	222,101	905,230
10,434	1,744	248	2,601	0	10,089	3,575	46,528
413	625	131	170	1,303	506	1,004	10,314
<u>73,062</u>	<u>96,516</u>	<u>33,379</u>	<u>35,303</u>	<u>256,056</u>	<u>240,663</u>	<u>226,680</u>	<u>1,987,711</u>
70,000	90,000	32,000	45,000	205,000	240,000	185,000	1,869,506
<u>70,000</u>	<u>90,000</u>	<u>32,000</u>	<u>45,000</u>	<u>205,000</u>	<u>240,000</u>	<u>185,000</u>	<u>1,869,506</u>
3,062	6,516	1,379	(9,697)	51,056	663	41,680	118,205
67,471	89,307	9,689	33,208	164,128	64,978	106,536	1,452,040
<u>\$ 70,533</u>	<u>\$ 95,823</u>	<u>\$ 11,068</u>	<u>\$ 23,511</u>	<u>\$ 215,184</u>	<u>\$ 65,641</u>	<u>\$ 148,216</u>	<u>\$ 1,570,245</u>

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BOARD OF LIQUIDATION, CITY DEBT  
 SCHEDULE OF BOND SALES  
 December 31, 2010

**Public Improvement Taxable Build America Bonds, Issue of 2010A**

Sold: December 16, 2009      Delivered: January 19, 2010  
 Bonds Dated: December 1, 2010, and due December 1, 2011 through December 1, 2039

Average life of issue: 19.037 years  
 Net Interest Cost: 8.404715%  
 True Interest Cost: 5.446755% \*

Sold to: Morgan Keegan & Co., Inc.

Sources:

Principal sum	\$ 40,000,000
Good faith deposit 2009	(400,000)
	<u>                    </u>
Total received in 2010	<u><u>\$ 39,600,000</u></u>

Proceeds of \$39,600,000 were delivered to the Treasury Department of the City of New Orleans on January 19, 2010.

\* 35% of the Taxable Build America Bonds coupon interest is subsidized by the U.S. Government, lowering the True Interest Cost to the City of New Orleans to TIC 5.446755%.

**Louisiana Department of Health & Hospitals (LADHH) Loan Revenue Bonds, Series 2010A and 2010B**

Sold: January 27, 2010      Delivered: February 11, 2010  
 Bonds Dated: February 1, 2010, and due February 1, 2012 through February 1, 2031

Average life of issue: 12.574 years  
 Net Interest Cost: 3.45%  
 True Interest Cost: 3.450078%

Sold to: Louisiana Department of Health & Hospitals Drinking Water Revolving Loan Fund

Sources:

Principal sum	\$ 3,400,000
Principal sum to be forgiven	(1,000,000)
	<u>                    </u>
Principal sum to be repaid	<u><u>\$ 2,400,000</u></u>
Principal sum	\$ 3,400,000
Bond proceeds received in 2010	(667,717)
	<u>                    </u>
Principal sum available	<u><u>\$ 2,732,283</u></u>

The Bonds will be secured solely by monies on deposit in the Board of Liquidation, City Debt, Debt Administration, LADHH Loan Revenue Bonds account. The proceeds of the Bonds will be for the purpose of paying the costs of capital improvements to the water system of the City, including, but not limited to, a sodium hypochlorite facility and paying the costs of the issuance of the Bonds. The interest rate on bonds is 2.95% and the administrative fee to LADHH is .50%.

BOARD OF LIQUIDATION, CITY DEBT  
 SCHEDULE OF BONDED DEBT ADMINISTERED BY BOARD OF LIQUIDATION, CITY DEBT  
 DECEMBER 31, 2010

	<u>Date of Bonds</u>	<u>Final Serial Maturity</u>
<u>GENERAL OBLIGATION BONDS (Note B.)</u>		
General Obligation Refunding Bonds, Series 1991 (Notes C. and D.)	Sep. 1, 1991	Sep. 1, 2021
General Obligation Refunding Bonds, Series 1998	Dec. 1, 1998	Dec. 1, 2026
Public Improvement Bonds, Issue of 2001	Apr. 1, 2001	Dec. 1, 2030
Public Improvement Bonds, Issue of 2002	Apr. 1, 2002	Dec. 1, 2031
General Obligation Refunding Bonds, Series 2002	Apr. 1, 2002	Sep. 1, 2021
Public Improvement Bonds, Issue of 2003	Oct. 1, 2003	Oct. 1, 2033
Public Improvement Bonds, Issue of 2004	July 13, 2004	Dec. 1, 2033
Public Improvement Bonds, Issue of 2005A	May 24, 2005	Dec. 1, 2034
General Obligation Refunding Bonds, Series 2005	July 6, 2005	Dec. 1, 2029
Public Improvement Bonds, Issue of 2007A	Dec. 14, 2007	Dec. 1, 2036
Public Improvement Bonds, Issue of 2010A Taxable Build America Bonds	Jan. 19, 2010	Dec. 1, 2039
<u>LIMITED TAX BONDS (Note E.)</u>		
Series 2005	July 6, 2005	Mar. 1, 2021
<u>DRAINAGE SYSTEM SPECIAL TAX BONDS (Note F.)</u>		
Drainage System Bonds, Series 1998 (9 mill)	Dec. 1, 1998	Dec. 1, 2018
Series 2002 (9 mill)	Oct. 1, 2002	Dec. 1, 2022

See accompanying notes.

<u>Average Annual Interest Cost</u>	<u>Principal due 2011</u>	<u>Interest due 2011</u>	<u>Debt Service due 2011</u>	<u>Amount Outstanding (Note A.)</u>
7.071%	\$ 6,400,435	\$ 19,044,565	\$ 23,445,000	\$ 40,198,992
4.948%	3,500,000	4,646,663	8,146,663	87,615,000
5.225%	580,000	1,032,888	1,612,888	20,190,000
5.307%	780,000	1,501,368	2,281,368	28,540,000
5.384%	0	3,018,769	3,018,769	58,415,000
5.021%	970,000	1,825,788	2,795,788	36,365,000
5.096%	715,000	1,505,388	2,220,388	29,935,000
4.347%	350,000	655,900	1,005,900	14,730,000
5.180%	4,150,000	5,239,950	9,389,950	101,070,000
5.086%	1,515,000	3,668,825	5,183,825	72,160,000
8.405%	715,000	3,214,336	3,929,336	40,000,000
	<u>\$ 19,675,435</u>	<u>\$ 45,354,440</u>	<u>\$ 65,029,875</u>	<u>\$ 529,218,992</u>
4.045%	<u>\$ 1,780,000</u>	<u>\$ 1,177,880</u>	<u>\$ 2,957,880</u>	<u>\$ 25,140,000</u>
4.838%	\$ 545,000	\$ 249,583	\$ 794,583	\$ 5,155,000
4.457%	755,000	647,310	1,402,310	15,135,000
	<u>\$ 1,300,000</u>	<u>\$ 896,893</u>	<u>\$ 2,196,893</u>	<u>\$ 20,290,000</u>

BOARD OF LIQUIDATION, CITY DEBT  
SCHEDULE OF BONDED DEBT ADMINISTERED BY BOARD OF LIQUIDATION, CITY DEBT  
(CONTINUED)  
DECEMBER 31, 2010

	<u>Date of Bonds</u>	<u>Final Serial Maturity</u>
<u>SEWERAGE SERVICE REVENUE BONDS (Note G.)</u>		
Bond Series 1997	June 1, 1997	June 1, 2017
Bond Series 1998	Dec. 1, 1998	June 1, 2018
Bond Series 2000	May 1, 2000	June 1, 2020
Bond Series 2000B	Nov. 1, 2000	June 1, 2020
Bond Series 2001	Dec. 1, 2001	June 1, 2021
Bond Series 2002	Dec. 1, 2002	June 1, 2022
Bond Series 2003	Dec. 3, 2003	June 1, 2023
Bond Series 2004	Dec. 16, 2004	June 1, 2024
Bond Series 2009	July 14, 2009	June 1, 2029
<u>LADHH LOAN REVENUE BONDS (Note G.)</u>		
Series 2010A	Feb. 1, 2010	Feb. 1, 2031
Series 2010B	Feb. 1, 2010	Feb. 1, 2031
<u>WATER REVENUE BONDS (Note H.)</u>		
Series 1998	Dec. 1, 1998	Dec. 1, 2018
Series 2002	Oct. 1, 2002	Dec. 1, 2022
<u>AUDUBON PARK COMMISSION BONDS .4 MILL (Note I.)</u>		
Refunding & Improvement Bonds, Series 1997	Jan. 1, 1997	Dec. 1, 2016
<u>AUDUBON PARK COMMISSION AQUARIUM BONDS 3.8 MILL (Note J.)</u>		
Refunding Bonds, Series 2001A	Nov. 1, 2001	Oct. 1, 2017
Bond Series 2001B	Nov. 1, 2001	Oct. 1, 2021
Refunding Bonds, Series 2003A	July 9, 2003	Oct. 1, 2013
<u>DOWNTOWN DEVELOPMENT DISTRICT TAX BONDS 22.97 MILL (Note K.)</u>		
Limited Tax Bonds Series 2001	July 1, 2001	Dec. 1, 2026

See accompanying notes.

Average Annual Interest Cost	Principal due 2011	Interest due 2011	Debt Service due 2011	Amount Outstanding (Note A.)
5.359%	\$ 1,745,000	\$ 726,234	\$ 2,471,234	\$ 14,460,000
4.817%	1,380,000	594,660	1,974,660	13,040,000
5.478%	1,305,000	899,278	2,204,278	17,195,000
5.424%	1,005,000	670,980	1,675,980	13,060,000
5.018%	1,545,000	1,032,808	2,577,808	21,530,000
4.362%	2,510,000	1,992,500	4,502,500	41,105,000
3.939%	245,000	160,769	405,769	4,025,000
4.262%	1,375,000	1,054,081	2,429,081	25,690,000
6.282%	705,000	1,303,747	2,008,747	22,695,000
	<u>\$ 11,815,000</u>	<u>\$ 8,435,057</u>	<u>\$ 20,250,057</u>	<u>\$ 172,800,000</u>
2.950%	\$ 0	\$ 0	\$ 0	\$ 800,000
2.950%	0	0	0	1,600,000
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,400,000</u>
4.817%	\$ 885,000	\$ 398,468	1,283,468	\$ 8,345,000
4.567%	1,335,000	1,287,150	2,622,150	26,290,000
	<u>\$ 2,220,000</u>	<u>\$ 1,685,618</u>	<u>\$ 3,905,618</u>	<u>\$ 34,635,000</u>
5.422%	<u>\$ 275,000</u>	<u>\$ 98,755</u>	<u>\$ 373,755</u>	<u>\$ 1,910,000</u>
4.731%	\$ 15,000	\$ 690,224	\$ 705,224	\$ 13,375,000
5.586%	70,000	24,955	94,955	6,153,572
3.726%	2,445,000	385,250	2,830,250	7,705,000
	<u>\$ 2,530,000</u>	<u>\$ 1,100,429</u>	<u>\$ 3,630,429</u>	<u>\$ 27,233,572</u>
5.193%	<u>\$ 235,000</u>	<u>\$ 287,878</u>	<u>\$ 522,878</u>	<u>\$ 5,685,000</u>

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BOARD OF LIQUIDATION, CITY DEBT  
NOTES TO SCHEDULE OF BONDED DEBT ADMINISTERED  
BY BOARD OF LIQUIDATION, CITY DEBT  
DECEMBER 31, 2010

- Note A. Amount Outstanding - Amount excludes balances recorded as liabilities in the Combining Statement of Assets, Liabilities, Custodial, Debt Service and Reserve Funds-Modified Cash Basis
- Note B. General Obligation Bonds - Legal Debt Limit: \$1,098,156,818; Debt Service Coverage: Unlimited Ad Valorem Tax Levy; Reserve Fund: Sufficient to cover 1/2 of the high year's Principal and Interest due.
- Note C. Refunded General Obligation Bonds (1998) - A portion of these Issues Refunded in 1998. Debt Service guaranteed by Escrow Agreement.
- Note D. Refunded General Obligation Bonds (2002) - A portion of these Issues Refunded in 2002. Debt Service guaranteed by Escrow Agreement.
- Note E. Limited Tax Bonds - Debt Service Coverage: 2010 Tax Yield 110% of Debt Service due
- Note F. Drainage System Bonds - Debt Service Coverage: 2010 Tax Yield 737% of Debt Service Due- 9 mill
- Note G. Sewerage Service Revenue Bonds - Bond Debt Service Coverage: Rates sufficient to produce revenues over and above the amount required for operation and maintenance of the system which shall be not less than 130% of the maximum of Debt Service due in any calendar year on all outstanding bonds. Bond Reserve Fund: 125% average aggregate debt service. LADHH Loan Revenue Bonds 2010A&B are payable February and August as loan proceeds are drawn from the Louisiana Department of Health and Hospitals Drinking Water Revolving Loan Fund. At December 31, 2010 \$667,717 was drawn from the loan fund.
- Note H. Water Revenue Bonds - Debt Service Coverage: Rates sufficient to produce revenues over and above the amount required for operation and maintenance of the system which shall be not less than 130% of the maximum of Debt Service due in any calendar year on all outstanding bonds. Reserve Fund: Highest year's principal and interest due.
- Note I. Audubon Park Commission .4 Mill Bonds - Debt Service Coverage: 2010 Tax Yield 198% of Debt Service due. Reserve Fund: Sufficient to cover 1/2 of high year's Principal and Interest due.
- Note J. Audubon Park Commission 3.8 Mill Bonds - Debt Service Coverage: 2010 Tax Yield 191% of Debt Service due. Reserve Fund: None.
- Note K. Downtown Development District Bonds - Debt Service Coverage: 2010 Tax Yield 987% of Debt Service due. Reserve Fund: Sufficient to cover The high year's Principal and Interest due.

BOARD OF LIQUIDATION, CITY DEBT  
 SCHEDULE OF DEDICATED AD VALOREM TAX MILLAGE  
 AVAILABLE FOR SERVICING OF BONDED DEBT  
 DECEMBER 31, 2010

	1990 & 1991
<u>DEBT SERVICE</u>	35.30
<u>CAPITAL IMPROVEMENT LIMITED TAX (Note B.)</u>	N/A
<u>SEWERAGE &amp; WATER BOARD:</u>	
Construction & Extension of Sewerage, Water & Drainage System (Tax expired 12/31/91)	4.00
Operation, Maintenance and Construction & Extension of Drainage System	6.01
Operation, Maintenance and Construction of Drainage System	6.09
Operation, Maintenance and Construction of Drainage System	9.13
<u>AUDUBON PARK COMMISSION:</u>	
Audubon Park Zoo	0.41
Audubon Park Aquarium (Note C.)	3.86
<u>DOWNTOWN DEVELOPMENT DISTRICT</u>	13.24

See accompanying notes.

Millage (Note A.)

<u>1992</u>	<u>1993 through 2002</u>	<u>2003 through 2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010 through 2011</u>
26.90	26.90	28.40	38.20	31.70	23.80	23.80	25.50
N/A	2.50	2.50	2.50	2.50	1.82	1.82	1.82
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6.40	6.40	6.40	6.40	6.40	4.66	4.54	4.66
6.48	6.48	6.48	6.48	6.48	4.71	4.60	4.71
9.71	9.71	9.71	9.71	9.71	7.06	6.89	7.06
0.44	0.44	0.44	0.44	0.44	0.32	0.32	0.32
4.11	4.11	4.11	4.11	4.11	2.99	2.99	2.99
15.68	15.90	15.90	15.90	15.90	14.76	14.76	14.76

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BOARD OF LIQUIDATION, CITY DEBT  
NOTES TO SCHEDULE OF DEDICATED AD VALOREM TAX MILLAGE  
AVAILABLE FOR SERVICING OF BONDED DEBT  
DECEMBER 31, 2010

- Note A. Millage is approved in December of each year by the City Council of New Orleans for the new tax year.
- Note B. The 2.5 mills for Capital Improvement Limited Tax is in effect for the first time in 1996.
- Note C. The 3.8 mills for Audubon Park Aquarium was in effect for the first time in 1987.

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BOARD OF LIQUIDATION, CITY DEBT  
 SCHEDULE OF SEWERAGE & WATER BOARD MATURED BONDS-DEBT ADMINISTRATION  
 DECEMBER 31, 2010

	Sewerage, Water & Drainage Bonds 2 mill *	Drainage System Bonds 3 mill 6.40	Total
<u>ASSETS</u>			
Cash	\$ 30,243	\$ 6,899	\$ 37,142
<i>Total Assets</i>	\$ 30,243	\$ 6,899	\$ 37,142
<u>LIABILITIES</u>			
Interest Payable	\$ 10,243	\$ 1,899	\$ 12,142
Principal Payable	20,000	5,000	25,000
<i>Total Liabilities</i>	\$ 30,243	\$ 6,899	\$ 37,142

\* Tax expired December 31, 1991.

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BOARD OF LIQUIDATION, CITY DEBT  
SCHEDULE OF DEFEASED BONDS-DEBT ADMINISTRATION  
DECEMBER 31, 2010

	General Obligation Bonds	Sewerage Service Revenue Bonds	Water Revenue Bonds	Audubon Park Commission Aquarium Bonds	Total
<u>ASSETS</u>					
Cash	\$ 38,678	\$ 14,320	\$ 8,320	\$ 2,219	\$ 63,537
<i>Total Assets</i>	<u>\$ 38,678</u>	<u>\$ 14,320</u>	<u>\$ 8,320</u>	<u>\$ 2,219</u>	<u>\$ 63,537</u>
<u>LIABILITIES</u>					
Interest payable	\$ 15,463	\$ 1,785	\$ 8,320	\$ 2,219	\$ 27,787
Principal payable	23,215	12,535	0	0	35,750
<i>Total Liabilities</i>	<u>\$ 38,678</u>	<u>\$ 14,320</u>	<u>\$ 8,320</u>	<u>\$ 2,219</u>	<u>\$ 63,537</u>

BOARD OF LIQUIDATION, CITY DEBT  
SCHEDULE OF ITEMIZED DISBURSEMENTS-INTEREST AND PRINCIPAL PAID  
FOR THE YEAR ENDED DECEMBER 31, 2010

	Debt Service Fund
<u>GENERAL OBLIGATION BONDS</u>	
Public Improvement Bonds, Issue of 2001	\$ 1,068,638
Public Improvement Bonds, Issue of 2002	1,539,293
Public Improvement Bonds, Issue of 2003	1,875,138
Public Improvement Bonds, Issue of 2004	1,546,188
Public Improvement Bonds, Issue of 2005A	676,300
Public Improvement Bonds, Issue of 2007A	3,741,325
Public Improvement Bonds, Issue of 2010A	1,810,743
General Obligation Refunding Bonds, Series 1991	18,585,283
General Obligation Refunding Bonds, Series 1998	4,828,438
General Obligation Refunding Bonds, Series 2002	3,018,769
General Obligation Refunding Bonds, Series 2005	5,436,700
<i>Total General Obligation Bonds</i>	44,126,815
<u>SPECIAL TAX BONDS</u>	
Limited Tax Bonds, Series 2005	1,231,936
<u>SEWER &amp; WATER BOARD SPECIAL TAX BONDS</u>	
Drainage System Bonds, Series 1998	272,723
Drainage System Bonds, Series 2002	675,316
Total Drainage System 9 mill bonds	947,739
<u>SEWER &amp; WATER BOARD REVENUE BONDS</u>	
Sewerage Service Revenue Bonds, Series 1997	815,070
Sewerage Service Revenue Bonds, Series 1998	654,750
Sewerage Service Revenue Bonds, Series 2000	966,638
Sewerage Service Revenue Bonds, Series 2000B	721,043
Sewerage Service Revenue Bonds, Series 2001	1,100,240
Sewerage Service Revenue Bonds, Series 2002	2,102,850
Sewerage Service Revenue Bonds, Series 2003	167,856
Sewerage Service Revenue Bonds, Series 2004	1,099,594
Sewerage Service Revenue Bonds, Series 2009	1,328,965
Total Sewerage Service Revenue Bonds	8,957,006
Water Revenue Bonds, Series 1998	436,492
Water Revenue Bonds, Series 2002	1,334,775
Total Water Revenue Bonds	1,771,267
<u>LADHE LOAN REVENUE BONDS</u>	
Revenue Bonds, Series 2010A, Taxable ARRA	483
Revenue Bonds, Series 2010B, Taxable ARRA	644
Total Revenue Bonds-LADHH	1,127
<u>AUDUBON COMMISSION SPECIAL TAX BONDS</u>	
Audubon Park Commission Improvement Bonds, Series 1997	112,015
Audubon Park Commission Aquarium Bonds, Series 2001A	690,824
Audubon Park Commission Aquarium Bonds, Series 2001B	27,755
Audubon Park Commission Aquarium Bonds, Series 2003A	501,500
Total Audubon Park Commission Aquarium Bonds	1,220,079
<u>DOWNTOWN DEVELOPMENT DISTRICT Special Tax Bonds, Series 2001</u>	302,727
<i>Total Itemized Disbursements-Interest and Principal Paid</i>	\$ 58,670,711

Interest Paid		Principal Paid		
Federal Subsidy	Total Interest	Debt Service Fund	Total Interest and Principal	
Taxable BAB				
\$ 0	\$ 1,068,638	\$ 550,000	\$ 1,618,638	
0	1,539,293	740,000	2,279,293	
0	1,875,138	940,000	2,815,138	
0	1,546,188	680,000	2,226,188	
0	676,300	340,000	1,016,300	
0	3,741,325	1,450,000	5,191,325	
975,012	2,785,755	0	2,785,755	
0	18,585,283	6,859,717	25,445,000	
0	4,828,438	3,305,000	8,133,438	
0	3,018,769	0	3,018,769	
0	5,436,700	3,935,000	9,371,700	
975,012	45,101,827	18,799,717	63,901,544	
0	1,231,936	1,705,000	2,936,936	
0	272,723	520,000	792,723	
0	675,016	715,000	1,390,016	
0	947,739	1,235,000	2,182,739	
0	815,070	1,655,000	2,470,070	
0	654,750	1,320,000	1,974,750	
0	966,638	1,230,000	2,196,638	
0	721,043	950,000	1,671,043	
0	1,100,240	1,485,000	2,585,240	
0	2,102,850	2,380,000	4,482,850	
0	167,856	235,000	402,856	
0	1,099,594	1,320,000	2,419,594	
0	1,328,965	680,000	2,008,965	
0	8,957,006	11,255,000	20,212,006	
0	436,492	845,000	1,281,492	
0	1,334,775	1,270,000	2,604,775	
0	1,771,267	2,115,000	3,886,267	
0	483	0	483	
0	644	0	644	
0	1,127	0	1,127	
0	112,015	260,000	372,015	
0	690,824	15,000	705,824	
0	27,755	70,000	97,755	
0	501,500	2,325,000	2,826,500	
0	1,220,079	2,410,000	3,630,079	
0	302,727	225,000	527,727	
\$ 975,012	\$ 59,645,723	\$ 38,004,717	\$ 97,650,440	

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**PACIERA, GAUTREAU & PRIEST, LLC**

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INDEPENDENT AUDITOR'S REPORT

REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Mrs. Mary K. Zervigon, President, and Members  
Board of Liquidation, City Debt  
New Orleans, Louisiana

We have audited the financial statements of the Board of Liquidation, City Debt as of and for the year ended December 31, 2010, and have issued our report thereon dated March 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board of Liquidation, City Debt's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Mrs. Mary K. Zervigon, President, and Members  
Board of Liquidation, City Debt

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Liquidation, City Debt's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the members of the Board, the City of New Orleans, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

*Paciera, Gautreau & Priest, PC*

March 7, 2011

**APPENDIX "E"**

**DEBT STATEMENT**

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**STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT**

**AS OF JULY 2, 2011**

**(The accompanying notes are an integral part of this statement)**

*(Updated information from preliminary official statement.)*

<u>Notes</u>	<u>Name of Issuer &amp; Issue</u>	<u>Interest Rates (%)</u>	<u>Dated Date</u>	<u>Final Maturity Date</u>	<u>Principal Outstanding</u>	<u>Principal Amount Due Within One Year</u>
(1)	<b><u>Direct Debt of the Audubon Commission</u></b>					
(2)	Audubon Commission Improvement and Refunding Bonds, Series 1997	5.1-5.2	1/01/97	12/01/16	\$ 1,910,000	\$ 275,000
(3)	Audubon Commission Aquarium Refunding Bonds, Series 2001A	4.0-5.375	11/01/01	10/01/17	13,375,000*	15,000
(3)	Audubon Commission Aquarium Bonds, Series 2001B	4.0-4.7	11/01/01	10/01/17	570,000**	70,000
(3)	Audubon Commission Aquarium Bonds, Series 2001B (a)	0.0	11/29/01	10/01/21	5,583,572***	0
(3)	Audubon Commission Aquarium Refunding Bonds, Series 2003A	5.0	7/09/03	10/01/13	7,705,000	2,445,000
(4)	Audubon Park Commission Aquarium Revenue Refunding Bonds, Series 1997	5.0	11/01/97	4/01/12	1,520,000	1,520,000
(A)	Cooperative Endeavor Agreement with the State of Louisiana (Revenue Bonds)	4.64	6/19/06	7/15/26	4,907,500	0
(A)	Cooperative Endeavor Agreement with the State of Louisiana (4.11 Mill Tax Bonds)	4.64	6/19/06	7/15/26	10,759,776	0
(A)	Cooperative Endeavor Agreement with the State of Louisiana (.44 Mill Tax Bonds)	4.64	6/19/06	7/15/26	1,091,230	0
*	<i>Includes \$13,375,000 of bonds to be refunded.</i>					
**	<i>Includes \$570,000 of bonds to be refunded.</i>					
***	<i>Includes \$5,583,572 of bonds to be refunded.</i>					
(a)	<i>Original principal amount of compound interest bonds.</i>					
(5)	<b><u>Overlapping Debt of the City of New Orleans, Louisiana (b)</u></b>					
(6)	General Obligation Refunding Bonds, Series 1991	0.0	9/15/91	9/01/18	40,198,991*	6,400,435
(6)	General Obligation Refunding Bonds, Series 1998	4.75-5.5	12/01/98	12/01/26	87,615,000	3,500,000
(6)	Public Improvement Bonds, Issue of 2001	5.0-6.5	4/01/01	12/01/30	20,190,000	580,000
(6)	Public Improvement Bonds, Issue of 2002	5.125-6.0	4/01/02	12/01/22	33,510,000	515,000
(6)	General Obligation Refunding Bonds, Series 2002	5.125-5.375	4/01/02	9/01/21	58,415,000	0
(6)	Public Improvement Bonds, Issue of 2002	5.125-5.35	4/01/02	12/01/31	28,540,000	780,000
(6)	Public Improvement Bonds, Issue of 2003	5.0-5.25	10/02/03	12/01/33	36,365,000	970,000
(6)	Public Improvement Bonds, Issue of 2004	4.0-5.5	7/13/04	12/01/33	29,935,000	715,000
(6)	Public Improvement Bonds, Issue of 2005A	4.0-5.5	5/24/05	12/01/34	14,730,000	350,000
(6)	General Obligation Refunding Bonds, Series 2005	5.0-5.25	7/06/05	12/01/29	101,070,000	4,150,000
(6)	Public Improvement Bonds, Issue of 2007A	5.0-5.25	12/14/07	12/01/36	72,160,000	1,515,000
(6)	Taxable Public Improvement Bonds, Issue of 2010A (Build America Bonds - Federally Taxable - Direct Payment to Issuer)	5.125-8.8	1/19/10	12/01/39	40,000,000	715,000
(7)	Refunding Certificates of Indebtedness, Series 1998B	5.0	4/01/98	12/01/12	15,475,000	7,550,000
(7)	Certificates of Indebtedness, Series 2005	3.59	7/11/05	12/01/14	820,000	205,000
(8)	Taxable Pension Revenue Bonds, Series 2000	6.95	12/19/00	9/01/30	122,160,000	6,400,000
(9)	Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Refunding Bonds (City of New Orleans) Series 2001C	4.25	12/01/01	8/01/11	945,000	945,000
(10)	Taxable Limited Tax Certificates of Indebtedness, Series 2004B	4.45-4.75	12/23/04	3/01/14	32,330,000	6,725,000
(11)	Sales Tax Increment Revenue Bonds (St. Thomas Economic Development District), Series 2003	8.125	11/03/03	4/01/50	19,650,000	75,000

\* *Original principal amount of compound interest bonds.*

(b) *Excludes Section 108 HUD loans.*

<u>Notes</u>	<u>Name of Issuer &amp; Issue</u>	<u>Interest Rates (%)</u>	<u>Dated Date</u>	<u>Final Maturity Date</u>	<u>Principal Outstanding</u>	<u>Principal Amount Due Within One Year</u>
<b><u>Debt of the City of New Orleans, Louisiana Continued</u></b>						
(12)	Variable Rate Revenue Bonds (Canal Street Improvements Project), Series 2004	variable	9/29/04	8/01/24	\$ 9,090,000	\$ 470,000
(13)	Limited Tax Bonds, Series 2005	4.0-5.0	7/06/05	3/01/21	23,360,000	1,860,000
(14)	Revenue Bond, Series 2010A	2.95	2/12/10	2/01/31	800,000	28,000
(14)	Revenue Bond, Series 2010B	2.95	2/12/10	2/01/31	1,600,000	57,000
(A)	Cooperative Endeavor Agreement with the State of Louisiana (Certificates of Indebtedness, Capital leases, LCDA Bonds)	4.64	6/19/06	7/15/26	52,268,594	0
(A)	Cooperative Endeavor Agreement with the State of Louisiana (General Obligation Bonds)	4.64	6/19/06	7/15/26	24,713,549	0
(A)	Cooperative Endeavor Agreement with the State of Louisiana (Capital Improvement Bonds)	4.64	6/19/06	7/15/26	2,903,660	0
(15)	<b><u>Overlapping Debt of the Sewerage and Water Board</u></b>					
(16)	Drainage System Bonds, Series 1998	4.55-5.0	12/01/98	12/01/18	5,155,000	545,000
(16)	Drainage System Bonds, Series 2002	3.45-4.65	10/01/02	12/01/22	15,135,000	755,000
(17)	Water Revenue Bonds, Series 1998	4.5-4.9	12/01/98	12/01/18	8,345,000	885,000
(17)	Water Revenue Bonds, Series 2002	4.0-5.0	10/01/02	12/01/22	26,290,000	1,335,000
(18)	Sewerage Service Revenue Bonds, Series 1997	5.25-5.4	6/01/97	6/01/17	12,715,000	1,840,000
(18)	Sewerage Service Revenue Bonds, Series 1998	4.625-5.0	12/01/98	6/01/18	11,660,000	1,445,000
(18)	Sewerage Service Revenue Bonds, Series 2000	5.375-5.5	5/01/00	6/01/20	15,890,000	1,385,000
(18)	Sewerage Service Revenue Bonds, Series 2000B	5.0-5.5	11/01/00	6/01/20	12,055,000	1,060,000
(18)	Sewerage Service Revenue Bonds, Series 2001	4.7-5.2	12/01/01	6/01/21	19,985,000	1,615,000
(18)	Sewerage Service Revenue Bonds, Series 2002	5.0	12/01/02	6/01/22	38,595,000	2,645,000
(18)	Sewerage Service Revenue Bonds, Series 2003	3.6-5.0	12/03/03	6/01/23	3,780,000	250,000
(18)	Sewerage Service Revenue Bonds, Series 2004	3.625-5.0	12/16/04	6/01/24	24,315,000	1,430,000
(18)	Sewerage Service Revenue Refunding Bonds, Series 2009	4.0-6.25	7/14/09	6/01/29	21,990,000	730,000
(19)	Promissory Note (CDL Federal Program) <sup>†</sup>	2.93	8/16/06	01/2016	25,166,747	(c)
(A)	Cooperative Endeavor Agreement with the State of Louisiana	4.64	6/19/06	7/15/26	77,465,247	0
(c)	<i>Subject to prepayment, extension and/or cancellation.</i>					
(20)	<b><u>Overlapping Debt of Parishwide School District of the Parish of Orleans, State of Louisiana</u></b>					
(6)	General Obligation School Refunding Bonds, Series 2010	2.5-5.0	9/01/10	9/01/20	97,005,000	8,000,000
(21)	<b><u>Overlapping Debt of the Orleans Parish School Board, State of Louisiana</u></b>					
(22)	Public School Refunding Bonds, Series 1991	--	12/19/91	2/01/15	13,187,644*	3,189,240
(22)	Public School Refunding Bonds, Series 1995B (Tax Exempt)	5.2	12/01/95	2/01/14	13,425,000	4,570,000
(A)	Cooperative Endeavor Agreement with the State of Louisiana	4.64	6/19/06	7/15/26	76,152,754	0

\* Original principal amount of compound interest bonds.

The Louisiana Public Facilities Authority ("LPFA") has issued \$7,375,000 of its Lease Revenue Refunding Bonds (Orleans Parish School Board Energy Retrofit Project) Series 2003, which are payable from payments to be made pursuant to a Lease Agreement dated as of June 1, 2003, by and between the LPFA and the Orleans Parish School Board (the "School Board"). The School Board's obligation is subject to an annual good faith effort to appropriate funds sufficient to pay all of the School Board's obligations under said Lease Agreement. The School Board's obligation to the LPFA is not included in the above debt statement. Also excluded is a loan from the EPA with a final maturity of 5/31/11 and an outstanding principal amount as of 6/30/10 of \$196,291.)

<u>Notes</u>	<u>Name of Issuer &amp; Issue</u>	<u>Interest Rates (%)</u>	<u>Dated Date</u>	<u>Final Maturity Date</u>	<u>Principal Outstanding</u>	<u>Principal Amount Due Within One Year</u>
(23)	<b><u>Overlapping Debt of the Regional Transit Authority</u></b>					
(24)	Sales Tax Revenue Bonds, Series 1991	0.0-6.5	12/01/91	12/01/21	\$ 7,092,882*	\$ 405,099
(24)	Sales Tax Revenue Refunding Bonds, Series 1998A	7.95-8.0	12/01/98	12/01/13	7,835,000	2,415,000
(24)	Sales Tax Revenue Bonds, Series 2010	2.0-5.0	10/14/10	12/01/30	75,000,000	1,530,000
(25)	LCDA Revenue Bonds (Canal Streetcar Project), Series 2000	variable	9/12/00	2/28/22	23,774,100	1,179,300
(25)	LCDA Revenue Bonds (Desire Streetcar Project), Series 2000A	variable	9/12/00	2/28/22	25,607,656	848,000
(19)	Promissory Note (CDL Federal Program) <sup>†</sup>	3.0	8/08/06	8/07/11	24,712,417	(c)
(19)	Promissory Note (CDL Federal Program) <sup>†</sup>	2.93	8/28/06	8/27/11	22,496,607	(c)
(A)	Cooperative Endeavor Agreement with the State of Louisiana	4.64	6/19/06	7/15/26	35,867,738	0
* Includes \$7,990,733 original principal amount of Capital Appreciation Bonds.						
(c) Subject to prepayment, extension and/or cancellation.						
(26)	<b><u>Overlapping Debt of Law Enforcement District of the Parish of Orleans, State of Louisiana</u></b>					
(6)	General Obligation Bonds, Series 2001	5.0	3/01/01	3/01/16	6,150,000	1,340,000
(6)	General Obligation Bonds, Series 2008	3.65-4.05	12/01/08	9/01/18	8,000,000	1,000,000
(6)	General Obligation Bonds, Series 2009	3.4-3.8	3/01/09	9/01/18	9,075,000	970,000
(6)	General Obligation Bonds, Series 2010	3.0-4.0	3/01/10	9/01/24	14,650,000	720,000
(A)	Cooperative Endeavor Agreement with the State of Louisiana	4.64	6/19/06	7/15/26	17,256,120	0
(27)	<b><u>Overlapping Debt of New Orleans Municipal Yacht Harbor Management Corporation</u></b>					
(28)	Revenue Bonds, Series 1981	6.0	2/08/82	2/08/12	210,134	210,134
(29)	<b><u>Overlapping Debt of the New Orleans Aviation Board</u></b>					
(30)	Revenue Bonds (Passenger Facility Charge Projects), Series 2007A	5.0-5.5	11/20/07	1/01/38	62,850,000	1,110,000
(30)	Revenue Refunding Bonds (Passenger Facility Charge Projects), Series 2007B-1	5.25	11/20/07	1/01/20	4,295,000	0
(30)	Revenue Refunding Bonds (Passenger Facility Charge Projects), Series 2007B-2	5.0-5.25	11/20/07	1/01/19	14,110,000	1,655,000
(30)	Gulf Opportunity Zone Revenue Bonds (Passenger Facility Charge Projects), Series 2010A	4.25-5.25	5/26/10	1/01/41	52,355,000	0
(30)	Gulf Opportunity Zone Revenue Bonds (Passenger Projects), Series 2010B	5.125	5/26/10	1/01/38	1,285,000	0
(31)	Revenue Refunding Bonds (Restructuring GARBs), Series 2009A-1	4.25-6.0	2/03/09	1/01/23	73,960,000	0
(31)	Revenue Refunding Bonds (Restructuring GARBs), Series 2009A-2	4.25-6.0	2/03/09	1/01/23	23,055,000	0
(31)	Revenue Refunding Bonds (Restructuring GARBs), Series 2009B (Taxable)	4.5-5.1	2/03/09	1/01/15	27,140,000	3,930,000
(31)	Revenue Refunding Bonds (Restructuring GARBs), Series 2009C (Taxable)	4.5	2/03/09	1/01/12	4,200,000	4,200,000
(32)	Gulf Opportunity Zone CFC Revenue Bonds (Consolidated Rental Car Project), Series 2009A	4.625-6.5	12/09/09	1/01/40	96,515,000	0
(A)	Cooperative Endeavor Agreement with the State of Louisiana	4.64	6/19/06	7/15/26	35,371,990	0

<u>Notes</u>	<u>Name of Issuer &amp; Issue</u>	<u>Interest Rates (%)</u>	<u>Dated Date</u>	<u>Final Maturity Date</u>	<u>Principal Outstanding</u>	<u>Principal Amount Due Within One Year</u>
(33)	<b><u>Overlapping Debt of the Orleans Levee District</u></b>					
(34)	Public Improvement Bonds, Series 1986	5.95	8/29/86	11/01/15	\$13,425,000	\$2,330,000
(35)	Public Improvement Refunding Bonds, Series 1996	6.4	10/29/96	11/01/15	1,020,000	180,000
(35)	Levee Improvement Bonds, Series 1986	5.95	8/28/86	11/01/14	19,045,000	4,255,000
(35)	Levee Improvement Refunding Bonds, Series 1996	6.25	10/29/96	11/01/14	2,100,000	475,000
(A)	Cooperative Endeavor Agreement with the State of Louisiana	4.64	6/19/06	7/15/26	26,125,671	0
(36)	<b><u>Overlapping Debt of the Orleans Parish Communications District, State of Louisiana</u></b>					
(37)	Revenue Bonds, Series 2004	3.85-4.35	9/24/04	9/01/19	6,805,000	625,000
(19)	Promissory Note (CDL Federal Program) <sup>†</sup>	2.93	8/28/06	8/27/16	471,154	(c)
(19)	Promissory Note (CDL Federal Program) <sup>†</sup>	2.68	1/18/06	1/17/16	799,416	(c)
(c)	<i>Subject to prepayment, extension and/or cancellation.</i>					
(38)	<b><u>Overlapping Debt of the French Market Corporation</u></b>					
(39)	Taxable Revenue Bonds, Series 2005A	6.15	8/03/06	5/01/25	3,481,000	434,000
(40)	<b><u>Overlapping Debt of the Downtown Development District</u></b>					
(41)	Downtown Development District Limited Tax Bonds, Series 2001	4.6-6.6	7/01/01	12/01/26	5,685,000	235,000
(A)	Cooperative Endeavor Agreement with the State of Louisiana	4.64	6/19/06	7/15/26	1,600,153	0

#### NOTES

- (A) On July 19, 2006, the State of Louisiana issued \$200,000,000 General Obligation Gulf Tax Credit Bonds, Series 2006-A; \$194,475,000 General Obligation Match Bonds, Series 2006-B; and \$200,000,000 General Obligation Refunding Bonds, Series 2008. In conjunction therewith, certain debt issuing entities in the City and the State entered Cooperative Endeavor Agreements in which the State agreed to make loans to the entities from the proceeds of any combination of the said bonds of the State pursuant to Act 41 of the First Extraordinary Session of the Louisiana Legislature of 2006 (“Act 41”) for the following purposes:
- Paying debt service of the City on outstanding debt for general obligation and special limited tax bonds.
  - Paying outstanding debt for special tax bonds of the Downtown Development District, Audubon Commission, and Sewerage and Water Board.
  - Paying outstanding sewerage revenue and water revenue bonds of the Sewerage and Water Board.
  - Paying outstanding bonds of the Orleans Parishwide School District; the Orleans Parish School Board; the Orleans Law Enforcement District; the New Orleans Aviation Board; the Orleans Levee District; the New Orleans Exhibition Hall Authority, and the Board of Commissioners of the Port of New Orleans.
- (1) The Audubon Commission is a related entity of the City established by state act and the City Charter.
- (2) Secured by and payable solely from the tax revenues derived from the levy and collection of a thirty-two hundredths (.32) mill tax upon all taxable property in the City.
- (3) Secured by and payable solely from an irrevocable pledge and dedication of the funds to be derived from the levy and collection of a two and ninety-nine hundredths (2.99) mills special *ad valorem* tax subject to taxation within the City authorized to be collected for a period of thirty-five (35) years, beginning in 1987, in an election held on November 4, 1986.
- (4) Payable solely from and secured by a pledge of and lien upon Revenues consisting of the income and revenues derived by the Commission from the use and operation of the Aquarium.

- (5) The 2011 taxable assessed valuation for City purposes is approximately \$2,764,977,598. Certain City taxes are levied on the total assessed value of the City, which is approximately \$3,137,590,908 for 2011.
- (6) Secured by and payable from unlimited *ad valorem* taxation.
- (7) Secured by and payable as to principal and interest from a pledge and dedication of the excess of annual revenues of the issuer above statutory, necessary and usual charges in each of the fiscal years during which the obligations are outstanding.
- (8) Secured by and payable solely from moneys of the City that are available after payment of contractual and statutory obligations and other required expenses, including the payment of outstanding Certificates of Indebtedness of the City, in each of the fiscal years during which the bonds are outstanding, any Issuer Derivative Payments are due or any amounts are owed under the Bond Facility, as provided in the resolutions adopted, as amended, by the City Council on August 3, 2000, September 21, 2000, November 16, 2000, and December 1, 2000. These bonds are now held in a liquidity facility by JPMorgan Chase Bank (the "Bank") because of failed remarketings. The Bank has agreed to extensions of the liquidity facility, but no assurance may be given that it will continue to do so. If not, the City would be required to begin accelerated amortization of the outstanding bonds over ten semiannual payments. The City expects to refinance these bonds.
- (9) Payable from the income, revenues and receipts derived from payments made pursuant to a Loan Agreement dated as of December 1, 2001, between the Louisiana Local Government Environmental Facilities and Community Development Authority and the City.
- (10) Secured by and payable from an irrevocable pledge and dedication of the funds to be derived by the issuer from the levy and collection of a special tax of ten and eighty-five hundredths (10.85) mills (the "Tax"). The issuer is authorized to impose and collect the Tax in each year during which the certificates are outstanding. The Tax is authorized to be levied on all the property subject to taxation within the corporate boundaries of the issuer and is authorized to be levied for general purposes.
- (11) Secured by and payable solely from an irrevocable pledge and dedication of the City's two and one-half percent (2 ½%) tax collected each year on the sale at retail, use, the lease or rental, the consumption and storage for use and consumption of tangible personal property, and the sales of services, all as defined in R. S. 47:301 *et seq.* and as specified in Ordinance 24,072 MCS derived by the City solely from Wal-Mart or any replacement or successor national retailer occupying the improvements which are expected to be occupied by a Wal-Mart to be located within the St. Thomas Economic Development District.
- (12) Payable from (i) money received from a draw on a Letter of Credit issued by Hibernia Bank, (ii) payments made by Canal Street Development Corporation and Downtown Development District pursuant to a Cooperative Endeavor Agreement, and (ii) payments made by the City from the General Fund.
- (13) Secured by and payable from a pledge and dedication of the funds to be derived from the levy and collection of a special *ad valorem* tax of two and one-half (2½) mills (subject to adjustment from time to time due to reassessment), which the City is authorized to collect for a period of twenty-six (26) years, approved in an election held in the City on July 15, 1995.
- (14) Secured solely by a pledge of monies on deposit in the Board of Liquidation's Debt Administration Account Construction and Extension Fund in the name of the Sewerage and Water Board of New Orleans.
- (15) The Sewerage and Water Board is the agency responsible for the sewerage, water and drainage systems of the City.
- (16) Limited tax bonds, secured by the avails of the equivalent of a six and seventy-eight hundredths (6.78) mills *ad valorem* tax.
- (17) Secured by and payable solely from net revenues derived from the imposition of water rates.
- (18) Secured by and payable solely from revenues of the system, including revenues received from the imposition of sewerage rates.
- (19) Secured by a pledge of the issuer's revenues for each fiscal year after payment of outstanding bonded indebtedness.
- (20) The total 2011 assessed valuation of Parishwide School District of the Parish of Orleans is approximately \$3,137,590,908, of which approximately \$2,764,977,598 is taxable.
- (21) The Orleans Parish School Board is parishwide.
- (22) Payable from (i) a constitutional millage twenty and eleven hundredths (20.11) mills and (ii) the net revenues from a one-half of one percent (½%) sales and use tax authorized in an election held on November 4, 1980.
- (23) The Regional Transit Authority ("RTA") is primarily located in the City of New Orleans (Orleans Parish) and is parishwide.
- (24) Secured by and payable from the Pledged Tax Revenues, i.e. primarily the net revenues derived from the levy and collection of one-half of a one percent (½%) sales and use tax levied by the Authority upon the items and services subject to the sales and use tax, and a pledge upon moneys held in the funds and accounts held under the General Indenture dated September 1, 1997.
- (25) Under agreements with the Louisiana Local Government Environmental Facilities and Community Development Authority ("LCDA"), RTA may borrow not exceeding \$65,820,000 in funds to finance the local match portion of the costs expected to be incurred in the construction of the Canal Street Corridor and Desire Street Corridor

Projects. The funds are provided from a portion of the proceeds of a Master Indenture Agreement and the sale of revenue bonds by LCDA. The principal amounts shown in this debt statement represent the amounts drawn down currently, and will be amortized over the remaining life of the agreement.

- (26) The Law Enforcement District of the Parish of Orleans is parishwide and has a 2011 taxable assessed valuation of approximately \$2,764,977,598.
- (27) The New Orleans Municipal Yacht Harbor Management Corporation is a related utility of the City.
- (28) Secured solely from the income and revenues derived from the operation of the Municipal Yacht Harbor.
- (29) The New Orleans Aviation Board is responsible for the management and operation of the New Orleans International Airport, owned by the City and located in Kenner, Louisiana.
- (30) These bonds are special, limited obligations of the Aviation Board, payable from and secured by (i) Net PFC Revenues generated from passenger facility charges approved by the Federal Aviation Administration (the "Approved PFC") and imposed and collected by the Aviation Board for the use of the New Orleans International Airport, subject to the Aviation Board's obligation to make payments into the Arbitrage Rebate Fund of the first Supplemental Indenture, (ii) the proceeds of any reserve asset and of any additional securities, and (iii) amounts on deposit in certain funds and accounts, included within the stand alone PFC Trust Estate. The Series 2010A and Series 2010B Bonds are subject to the Aviation Board's obligation to make payments into the Arbitrage Rebate Fund of the third Supplemental Indenture.
- (31) These bonds are special, limited obligations of the Aviation Board, payable from and secured by (i) general airport revenues subject to the Aviation Board's obligation to pay the operation and maintenance expenses of the Airport and make payments into the Arbitrage Rebate Fund of the first Supplemental Indenture, (ii) the proceeds of any reserve asset and of any additional securities as further described in the official statement, and (iii) amounts on deposit in certain funds and accounts.
- (32) These bonds are special, limited obligations of the Aviation Board, payable from and secured by (i) revenues primarily to be derived from a customer facility charge imposed by the Aviation Board and secondarily from contingent rent derived from the initial facilities leases executed by the companies and other supplemental facility charges, if established pursuant to the CFC Master Indenture, (ii) the proceeds of any reserve asset, and (iii) amounts on deposit in the pledged funds.
- (33) The Orleans Levee District is parishwide and has a 2011 taxable assessed valuation of approximately \$2,764,977,598.
- (34) Payable from the Orleans Levee District's five and twenty-five hundredths (5.25) mills constitutional *ad valorem* tax.
- (35) Payable from the Orleans Levee District's four and ninety-five hundredths (4.95) mills special levee improvement *ad valorem* tax.
- (36) The Orleans Parish Communications District is parishwide.
- (37) Payable solely from and secured by a pledge and dedication of (i) the proceeds of the emergency telephone tax imposed pursuant to law, and (ii) the excess of annual revenues of the District above statutory, necessary and usual charges in each of the fiscal years during which the Bonds are outstanding.
- (38) The French Market Corporation is a non-profit corporation owned by the City of New Orleans.
- (39) Payable from the revenues of the French Market.
- (40) The 2011 taxable assessed valuation of the Downtown Development District is currently unavailable.
- (41) Secured by and payable from an irrevocable pledge and dedication of the funds to be derived from the levy and collection of a special *ad valorem* tax not exceeding fourteen and seventy-six hundredths (14.76) mills upon all the taxable real property located in The Downtown Development District of the City of New Orleans, authorized in elections held on December 8, 1979 and April 7, 2001. The Tax is currently being levied at a rate of fourteen and seventy-six hundredths (14.76) mills.

(NOTE: The above statement excludes certain outstanding indebtedness of the New Orleans Home Mortgage Authority; New Orleans Exhibition Hall Authority; Greater New Orleans Expressway Commission; New Orleans Finance Authority; New Orleans Industrial Development Board, Inc.; New Orleans Housing Development Corporation; Transportation Center Authority; New Orleans Regional Loan Corporation; Upper Pontalba Building Restoration Corp.; Louisiana Stadium and Exposition District; Board of Commissioners of the Port of New Orleans, and all operating and capital leases.)

† On January 19, 2010, the Department of Homeland Security Federal Emergency Management Agency published Federal Register Document 2010-925, which establishes procedures and requirements for Special Community Disaster Loan recipients to apply for cancellation of their loan as authorized by the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007. This rule will not cancel all Special Community Disaster Loans but rather provides a process for such cancellation. It is unknown at this time whether any such recipients will apply for such cancellation, or which Special Community Disaster Loans, if any, will actually be cancelled.

**APPENDIX “F”**

**ANNUAL DEBT SERVICE REQUIREMENTS**

**ANNUAL DEBT SERVICE REQUIREMENTS ON OUTSTANDING DEBT  
AND AUDUBON COMMISSION AQUARIUM TAX BOND, SERIES 2011 A-1 AND A-2, OF  
CITY OF NEW ORLEANS, LOUISIANA**

		OUTSTANDING BONDS (a)			SERIES 2011 A-1 AND A-2 BONDS			TOTAL REQUIREMENTS		
CALENDAR YEAR	PRINCIPAL	INTEREST	TOTAL	(10/1)	(4/1; 10/1)	TOTAL	PRINCIPAL	INTEREST	TOTAL	
				PRINCIPAL	INTEREST					
F-1 2012	2,565,000.00	263,000.00	2,828,000.00	0.00	1,127,356.50	1,127,356.50	2,565,000.00	1,390,356.50	3,955,356.50	
2013	2,695,000.00	134,750.00	2,829,750.00	0.00	1,099,860.00	1,099,860.00	2,695,000.00	1,234,610.00	3,929,610.00	
2014				2,705,000.00	1,099,860.00	3,804,860.00	2,705,000.00	1,099,860.00	3,804,860.00	
2015				2,800,000.00	1,026,900.00	3,826,900.00	2,800,000.00	1,026,900.00	3,826,900.00	
2016				2,880,000.00	942,900.00	3,822,900.00	2,880,000.00	942,900.00	3,822,900.00	
2017				3,025,000.00	798,900.00	3,823,900.00	3,025,000.00	798,900.00	3,823,900.00	
2018				3,185,000.00	647,650.00	3,832,650.00	3,185,000.00	647,650.00	3,832,650.00	
2019				3,305,000.00	520,250.00	3,825,250.00	3,305,000.00	520,250.00	3,825,250.00	
2020				3,470,000.00	355,000.00	3,825,000.00	3,470,000.00	355,000.00	3,825,000.00	
2021				3,630,000.00	181,500.00	3,811,500.00	3,630,000.00	181,500.00	3,811,500.00	
<b>TOTALS</b>	<b>5,260,000.00</b>	<b>397,750.00</b>	<b>5,657,750.00</b>	<b>25,000,000.00</b>	<b>7,800,176.50</b>	<b>32,800,176.50</b>	<b>30,260,000.00</b>	<b>8,197,926.50</b>	<b>38,457,926.50</b>	

(a) Outstanding: Refunding Series 2003.

**ANNUAL DEBT SERVICE REQUIREMENTS ON OUTSTANDING DEBT  
AND AUDUBON COMMISSION AQUARIUM TAX BOND, SERIES 2011 A-1 AND A-2, OF  
CITY OF NEW ORLEANS, LOUISIANA**

F-2

CALENDAR YEAR	OUTSTANDING BONDS (a)			SERIES 2011 A-1 AND A-2 BONDS			TOTAL REQUIREMENTS			
	PRINCIPAL	INTEREST	TOTAL	(10/1) PRINCIPAL	(4/1; 10/1) INTEREST	TOTAL	PRINCIPAL	INTEREST	PAID FROM ESCROW FUND	TOTAL
2012	2,565,000.00	263,000.00	2,828,000.00	0.00	1,127,356.50	1,127,356.50	2,565,000.00	1,390,356.50	(325,577.74)	3,629,778.76
2013	2,695,000.00	134,750.00	2,829,750.00	0.00	1,099,860.00	1,099,860.00	2,695,000.00	1,234,610.00	(296,771.24)	3,632,838.76
2014				2,705,000.00	1,099,860.00	3,804,860.00	2,705,000.00	1,099,860.00		3,804,860.00
2015				2,800,000.00	1,026,900.00	3,826,900.00	2,800,000.00	1,026,900.00		3,826,900.00
2016				2,880,000.00	942,900.00	3,822,900.00	2,880,000.00	942,900.00		3,822,900.00
2017				3,025,000.00	798,900.00	3,823,900.00	3,025,000.00	798,900.00		3,823,900.00
2018				3,185,000.00	647,650.00	3,832,650.00	3,185,000.00	647,650.00		3,832,650.00
2019				3,305,000.00	520,250.00	3,825,250.00	3,305,000.00	520,250.00		3,825,250.00
2020				3,470,000.00	355,000.00	3,825,000.00	3,470,000.00	355,000.00		3,825,000.00
2021				3,630,000.00	181,500.00	3,811,500.00	3,630,000.00	181,500.00		3,811,500.00
<b>TOTALS</b>	<b>5,260,000.00</b>	<b>397,750.00</b>	<b>5,657,750.00</b>	<b>25,000,000.00</b>	<b>7,800,176.50</b>	<b>32,800,176.50</b>	<b>30,260,000.00</b>	<b>8,197,926.50</b>	<b>(622,348.98)</b>	<b>37,835,577.52</b>

(a) Outstanding: Refunding Series 2003.

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**APPENDIX "G"**

**BONDS TO BE REFUNDED**

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**OUTSTANDING BONDS TO BE REFUNDED  
BY THE SERIES 2011A-1 BONDS**

**\$13,375,000**

**AUDUBON COMMISSION AQUARIUM REFUNDING BONDS,  
SERIES 2001A**

<b><u>YEAR</u></b> <b><u>(OCT. 1)</u></b>	<b><u>PRINCIPAL</u></b> <b><u>AMOUNT</u></b>	<b><u>INTEREST</u></b> <b><u>RATE</u></b>	<b><u>CUSIPs</u></b>
2011	\$ 15,000	4.000%	64763TAK5
2012	15,000	4.100%	64763TAL3
2013	15,000	4.250	64763TAM1
2014	3,080,000	5.250	64763TAN9
2015	3,240,000	5.375	64763TAP4
2016	3,415,000	5.375	64763TAQ2
2017	3,595,000	4.700	64763TAR0

These bonds maturing on and after October 1, 2012 shall be called for redemption on October 3, 2011 at the principal amount thereof, plus a redemption premium of 2% of the principal amount thereof being redeemed and accrued interest to the redemption date.

\* \* \* \* \*

**\$6,153,572.25**

**AUDUBON COMMISSION AQUARIUM BONDS,  
SERIES 2001B**

<b><u>YEAR</u></b> <b><u>(OCT. 1)</u></b>	<b><u>PRINCIPAL</u></b> <b><u>AMOUNT</u></b>	<b><u>INTEREST</u></b> <b><u>RATE</u></b>	<b><u>CUSIPs</u></b>
2011	\$ 70,000.00	4.00%	64763TBF5
2012	75,000.00	4.10	64763TBG3
2013	80,000.00	4.25	64763TBH1
2014	80,000.00	4.35	64763TBJ7
2015	85,000.00	4.50	64763TBK4
2016	85,000.00	4.60	64763TBL2
2017	95,000.00	4.70	64763TBM0
2018	1,539,970.60	0*	64763TAS8
2019	1,437,973.25	0*	64763TAT6
2020	1,345,561.10	0*	64763TAU3
2021	1,260,067.30	0*	64763TAV1

\* These bonds were issued as Capital Appreciation Bonds.

These bonds maturing on and after October 1, 2012 shall be called for redemption on October 3, 2011 at the principal amount thereof, plus a redemption premium of 2% of the principal amount thereof being redeemed and accrued interest to the redemption date, except that the bonds issued as Capital Appreciation Bonds shall be called at their accreted value.

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**FORM OF LEGAL OPINION  
OF  
CO-BOND COUNSEL**

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**CO-BOND COUNSEL  
TO THE  
BOARD OF LIQUIDATION, CITY DEBT  
(Date of Delivery)**

Audubon Commission for the  
City of New Orleans  
New Orleans, Louisiana

Board of Liquidation, City Debt  
City of New Orleans, Louisiana  
New Orleans, Louisiana

Re: City of New Orleans  
\$24,370,000 Audubon Commission Aquarium Tax Bonds Series 2011A-1  
and  
\$630,000 Audubon Commission Aquarium Tax Bonds Series 2011A-2  
(Taxable)

Ladies and Gentlemen:

We have acted as co-bond counsel to the City of New Orleans, Louisiana (the "Issuer"), in connection with the issuance by the Issuer of \$24,370,000 Audubon Commission Aquarium Tax Bonds Series 2011A-1 (the "Series 2011A-1 Bonds"), and \$630,000 Audubon Commission Aquarium Tax Bonds Series 2011A-2 (Taxable) (the "Series 2011A-2 Bonds" and collectively with the Series 2011A-1 Bonds, the "Bonds"). The Bonds are being issued as current interest bonds maturing on the dates and bearing interest at the rates as provided in the Bond Resolution as hereinafter defined. All capitalized terms used herein, unless otherwise defined, shall have the respective meanings assigned thereto in the hereinafter defined Bond Resolution.

The Bonds are in fully registered form, in the denomination of Five Thousand Dollars (\$5,000) principal amount or any integral multiple thereof. The Bonds have been issued by the Issuer acting by and through the Audubon Commission for the City of New Orleans (the "Commission") and the Board of Liquidation, City Debt (the "Board"), pursuant to a resolution adopted by the Commission on May 4, 2011, as amended and restated by the resolution adopted July 14, 2011, and a Supplemental Resolution adopted on August 17, 2011 and by a resolution adopted by the Board on May 18, 2011 and by a sale resolution adopted by the Board on August 17, 2011, (all of said resolutions collectively being called the "Bond Resolution"), and approved by resolutions of the governing authority of the Issuer adopted on June 2, 2011 and August 4, 2011. The Bonds are being issued pursuant to the authority conferred by Act No. 191 of the Louisiana Legislature for the year 1914, as amended by Act No. 309 of the Louisiana Legislature for the year 1986, Chapter 14-A and Part XIV of Chapter 4 of Title 39 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority (the "Act"), to (a) provide amounts for the purposes of refunding all of the outstanding City of New Orleans Audubon Commission Aquarium Refunding Bonds, Series 2001A (the "Series 2001A Bonds") and City of New Orleans Audubon Commission Aquarium Bonds, Series 2001B (the Series 2001B Bonds"), (b) provide amounts to make capital improvements to the Aquarium, (c) pay a portion of the interest on the Bonds, (d) pay the cost of issuance of the Bonds and (e) pay the costs of the Bond Insurance Policy insuring only the October 1, 2018, 2019, 2020, and 2021 maturities of the Series 2011A-1 Bonds .

In accordance with the Bond Resolution, the Board has entered into an Escrow Deposit Agreement (the "Escrow Agreement") with The Bank of New York Mellon Trust Company, N. A.(the "Escrow Agent"), pursuant to which a portion of the proceeds of the Bonds and other amounts have been deposited in trust with the Escrow Agent, for the purpose of providing moneys sufficient to defease \$15,000 of the Series 2001A Bonds and \$70,000 of the Series 2001B Bonds maturing on October 1, 2011 and defease and refund in advance of maturity \$13,360,000 of the Series 2001A Bonds and \$6,083,572.25 of the Series 2001B Bonds maturing October 1, 2012 through October 1, 2021. A portion of the proceeds of the Series 2011A-2 Bonds will be deposited with the Escrow Agent to be used to pay a portion of the interest to be due on the Bonds during years 2012 and 2013.

The principal of the Bonds are payable upon maturity at the principal corporate trust office of The Bank of New York Mellon Trust Company, N. A. (the "Paying Agent"), or any successor thereto, upon presentation and surrender of the Bonds. The Bonds are not subject to redemption prior to maturity as provided in the Bonds and the Bond Resolution.

The Issuer, by and through the Commission and the Board, has entered into certain covenants and agreements with the registered owners of the Bonds, including provisions for the issuance of additional parity obligations hereafter under certain conditions and restrictions, for the terms of which reference is made to the Bond Resolution.

We have examined the provisions of the Louisiana Constitution of 1974, as amended (the "Constitution") and statutes of the State of Louisiana (the "State"), the Charter of the Issuer, a certified transcript of the proceedings of the Commission, the Board and the Issuer relating to the issuance of the Bonds, including the Bond Resolution and the Escrow Agreement, and such other documents, proofs and matters of law as we deemed necessary to render this opinion.

On the basis of the foregoing examinations, we are of the opinion, as of the date hereof and under existing law, that:

1. The Bonds are valid and binding special and limited obligations of the Issuer.

2. The Bonds are payable as to principal and interest solely from and are secured by an irrevocable pledge and dedication of the avails or proceeds of the Tax, which is a limited tax upon all property subject to taxation in the City of New Orleans, Louisiana, being levied and collected by the Issuer pursuant to Act No. 309 of the Louisiana Legislature for the year 1986, at the rate of three and four-fifths (3.80) mills and other constitutional and statutory authority, and in compliance with a special election held in the City on November 4, 1986 and are issued and secured on a parity with the presently outstanding \$22,285,000 original principal amount Audubon Commission Aquarium Refunding Bonds Series 2003A.

3. Pursuant to the Act, the Tax is authorized to be levied for a period of thirty-five years, beginning with the year 1987, is currently being levied and collected at the rate of two and ninety nine hundredths (2.99) mills pursuant to the authority of Article 7 Section 23 of the Constitution and the Issuer has lawfully covenanted and is legally obligated to continue to levy and collect the Tax for the full term of the Bonds.

4. Interest on the Series 2011A-1 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for the purpose of computing the federal alternative minimum tax imposed on certain corporations, such interest is taken into account in determining adjusted current earnings.

5. Interest on the Series 2011A-2 Bonds is not excluded from gross income for federal income tax purposes.

6. Pursuant to the Act, the Bonds are exempt from all taxation for state, parish, municipal or other local purposes.

In rendering the opinions expressed in 4 above, we have relied on representations of the Commission and the Board with respect to questions of fact material to our opinion without undertaking to verify the same by independent investigation, and have assumed continuing compliance with covenants in the Bond Resolution pertaining to those

sections of the Code which affect the exclusion from gross income of interest on the Series 2011A-1 Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the Commission or the Board fail to comply with the foregoing provisions of the Bond Resolution, interest on the Series 2011A-1 Bonds could become includable in gross income from the date of original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on or disposition of the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the Bond Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforceability may also be subject to the exercise of the sovereign police powers of the State of Louisiana, or its governmental bodies, and the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

**APPENDIX "I"**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

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## CONTINUING DISCLOSURE CERTIFICATE

### **\$24,370,000 Audubon Commission Aquarium Tax Bonds, Series 2011 A-1 And \$630,000 Audubon Commission Aquarium Tax Bonds, Series 2011A-2 (Taxable)**

This Continuing Disclosure Certificate (the "Disclosure Certificate"), dated \_\_\_\_\_, 2011, is executed and delivered by the City of New Orleans, Louisiana (the "City"), acting through its duly elected Mayor, on behalf of the Audubon Commission (the "Commission"), and by the Board of Liquidation, City Debt (the "Board"), the entity created and charged by Act No. 133 of the 1880 Regular Session, as amended by Act 628 of the 1995 Regular Session of the Louisiana Legislature, with the issuance and administration of certain debt of the City, acting through its duly authorized President, in connection with the issuance of the captioned bonds (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Commission on May 4, 2011, as amended by a resolution of the Commission adopted on July 14, 2011, and as supplemented by a resolution adopted by the Commission on August 17, 2011, (collectively the "Bond Resolution"), and are described in that certain Official Statement dated \_\_\_\_\_, 2011, (the "Official Statement") which contains certain information concerning the City, the special tax securing the Bonds and certain financial and other information relating thereto. Capitalized terms not otherwise defined herein shall have the meanings assigned thereto in the Bond Resolution. The City and the Board covenant and agree as follows:

#### **SECTION 1. DEFINITIONS.**

In addition to the definitions set forth in the Bond Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

**"Annual Report"** shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

**"Dissemination Agent"** shall mean the duly appointed Acting Secretary or Secretary of the Board, or any successor Dissemination Agent designated by the City acting through the Board.

**"EMMA"** shall mean the internet-based portal referred to as the Electronic Municipal Market Access system operated by the MSRB which has an online address of [www.emma.msrb.org](http://www.emma.msrb.org).

**"Listed Events"** shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

**"Obligated Person"** shall mean any or all of the City, the Commission or the Board.

**"Official Statement"** shall mean the Official Statement with respect to the Bonds, the City and the Board dated \_\_\_\_\_, 2011.

**"Participating Underwriter"** shall mean any of the original Purchasers (as defined in the Bond Resolution) of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

**"Repositories"** shall mean the MSRB through EMMA and the State Information Depository, if any.

**"Rule"** shall mean Rule 15c2-12 (b) (5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**"State Information Depository"** shall mean any public or private depository or entity designated by the State of Louisiana as a state depository for the purpose of the Rule. As of the date of this Disclosure Certificate, there is no State Information Depository.

## **SECTION 2. PURPOSE OF THE DISCLOSURE CERTIFICATE.**

This Disclosure Certificate is being executed and delivered by the City and the Board for the benefit of the Owners of the Bonds, including owners of beneficial interests in the Bonds, and the Participating Underwriter, and in order to assist the Participating Underwriter in complying with the Rule. Pursuant to this Disclosure Certificate, annual financial information and notices of material events, if any, will be provided on behalf of the City, acting through the Board.

## **SECTION 3. PROVISION OF ANNUAL REPORTS.**

- a. The City acting through the Board shall, or shall cause the Dissemination Agent to, in each year no later than eight (8) months from the end of the Issuer's first fiscal year ending after issuance of the Bonds, with the first such report to be due not later than August 31, 2012, provide to the Repositories an Annual Report which is consistent with the requirements set forth below. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as set forth below; *provided* that the audited financial statements of the City, the Commission and the Board may be submitted separately from the balance of the Annual Report.
- b. If the Dissemination Agent is unable to provide to the Repositories an Annual Report by the date required in (a) above, the City acting through the Board shall send a Notice of Failure to File Annual Report to each of the Repositories, in substantially the form attached as Exhibit A.
- c. The Dissemination Agent shall determine each year prior to the date for providing the Annual Report the name and address of each of the Repositories.

## **SECTION 4. CONTENT OF ANNUAL REPORTS.**

The City's Annual Report shall contain or incorporate by reference the following.

- a. Audited financial statements of both the Commission and the Board for the preceding fiscal year, if available. If the Commission's or the Board's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.
- b. Basis of accounting used by the Commission and the Board in reporting their financial statements. The Commission and the Board follow GAAP principles and mandated Louisiana statutory accounting requirements as in effect from time to time. In the event of any material change in such requirements the impact of such changes will be described in the Annual Report of the year such change occurs.

- c. The total amount of limited tax bonds of the City issued for the benefit of the Commission, as well as any such bonded debt which has been authorized but not yet issued.
- d. Any material changes in the assessment procedures and the homestead exemption as authorized by law.
- e. The assessed value of taxable property in the City and homestead exemptions for the most recent tax year available from the Louisiana Tax Commission.
- f. The assessed value of property by classifications for the City for the most recent tax year available from the Louisiana Tax Commission.
- g. The assessed valuations of taxable property in the City including motor vehicles for the prior tax year.
- h. The millage rates for the prior tax year.
- i. The *ad valorem* tax levies and collections of the City and the Board for the prior tax year.
- j. A listing of the ten largest *ad valorem* taxpayers within the City for the prior tax year.
- k. Updated information reflecting the trend of indebtedness of the City and the Commission.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to each of the Repositories or the Municipal Securities Rulemaking Board. If the document incorporated by reference is a deemed final official statement, it shall be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so incorporated by reference.

**SECTION 5. REPORTING OF LISTED EVENTS.**

- a. This section shall govern the giving of notices of the occurrence of any of the following Listed Events:
  - (i) Principal and interest payment delinquencies;
  - (ii) Non-payment related defaults, if material;
  - (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
  - (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
  - (v) Substitution of credit or liquidity providers, or their failure to perform;
  - (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or events affecting the tax-exempt status of the Bonds;
  - (vii) Modifications to rights of Bondholders, if material;
  - (viii) Bond calls, if material, and tender offers;
  - (ix) Defeasance;
  - (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
  - (xi) Rating changes;

- (xii) Bankruptcy, insolvency, receivership or similar event of the Obligated Person;
- (xiii) The consummation of a merger, consolidation, acquisition involving an Obligated Person, or the sale of all or substantially all of the assets of an Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or
- (xv) Appointment of a successor or additional trustee or the change of the name of a trustee, if material.

Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall direct the Dissemination Agent to file as soon as possible, but in no event more than ten business days after the occurrence of the event, a notice of such occurrence with the Repositories.

#### **SECTION 6. TERMINATION OF REPORTING OBLIGATION.**

The obligations of both the City and the Board under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

#### **SECTION 7. DISSEMINATION AGENT.**

The City, acting through the Board may, from time to time, appoint or engage a successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

#### **SECTION 8. AMENDMENT; WAIVER.**

Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

#### **SECTION 9. ADDITIONAL INFORMATION.**

Nothing in this Disclosure Certificate shall be deemed to prevent the City or the Board from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City or the Board chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, neither the City nor the Board shall have any obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

#### **SECTION 10. DEFAULT.**

In the event of a failure of the City to comply with any provision of this Disclosure Certificate any Bondowner (including any owner of a beneficial interest in the Bonds) or the Participating Underwriter may take such actions as may be necessary and appropriate, to cause the Issuer to comply

with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

**SECTION 11. BENEFICIARIES.**

This Disclosure Certificate shall inure solely to the benefit of the City, the Board, the Dissemination Agent, the Participating Underwriter and owners (including any owner of a beneficial interest in the Bonds) from time to time of the Bonds, and shall create no rights in any other person or entity.

**SECTION 12. COUNTERPARTS.**

This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be one and the same instrument.

**SECTION 13. OTHER STIPULATIONS.**

Any document submitted to the MSRB pursuant to this Disclosure Certificate shall be accompanied by identifying information as prescribed by MSRB. Any document submitted to the MSRB pursuant to this Disclosure Certificate shall be word searchable (without regard to diagrams, images and other non-textual elements).

IN FAITH WHEREOF, the undersigned have executed this Continuing Disclosure Certificate on this, the \_\_\_\_\_, 2011.

CITY OF NEW ORLEANS, LOUISIANA

By: \_\_\_\_\_,  
\_\_\_\_\_, Mayor

BOARD OF LIQUIDATION, CITY DEBT

By: \_\_\_\_\_,  
\_\_\_\_\_, President

ATTEST:

By: \_\_\_\_\_  
David W. Gernhauser, Secretary

**EXHIBIT A**  
**to Continuing Disclosure Certificate**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: City of New Orleans, Louisiana

Name of Bond Issue: \$24,370,000 Audubon Commission Aquarium Tax Bonds Series 2011 A-1  
\$630,000 Audubon Commission Aquarium Tax Bonds, Series 2011A-2  
(Taxable)

Date of Issuance: \_\_\_\_\_, 2011

NOTICE IS HEREBY GIVEN that neither the City of New Orleans, Louisiana, the Audubon Commission for the City of New Orleans (the "Commission") nor the Board of Liquidation City Debt (the "Board"), has provided an Annual Report as required by Section 30 of the Bond Resolution of the Commission dated May 4, 2011, as amended and restated on July 14, 2011, and as supplemented on August 17, 2011, providing for the issuance of the above bonds. The Board anticipates that such Annual Report will be filed by \_\_\_\_\_.

Date: \_\_\_\_\_

BOARD OF LIQUIDATION, CITY DEBT

By: \_\_\_\_\_  
David W. Gernhauser, Secretary

**APPENDIX “J”**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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# MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By \_\_\_\_\_  
Authorized Officer



