

New Orleans, Louisiana, August 17, 2016

The regular monthly meeting of the Board of Liquidation, City Debt (Board) was held this date at the office of the Board, Room 8E17, New Orleans, Louisiana pursuant to notice duly given as provided by law. The regular monthly meeting was called to order at 4:02 P.M. by the President, Ms. Mary K. Zervigon. Ms. Zervigon asked the Secretary to call the roll and announce the number of members present. The roll call was as follows:

PRESENT:	Mr. Blue*	
	Councilmember Head**	
	Mr. Hebert (For Mayor Landrieu)	
	Mr. Johnson	
	Mr. Moody	
	Councilmember Williams	SEVEN MEMBERS AND A
	Ms. Zervigon	QUORUM

ABSENT: Mr. Arnold\*\*\*  
Mr. O'Connor

\* Arrived 4:09PM

\*\* Arrived 4:03PM

\*\*\* participated by conference call ineligible to vote

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

The notice calling the meeting more than 24 hours prior to the date of the meeting was received and ordered filed in the minutes.

The President stated that the minutes of the June 29, 2016, special meeting had been circulated to the members. She asked if there were any comments, there being none the minutes were adopted as circulated.

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

The President asked the Secretary to address item #4 on the agenda, the recommendation of officers to serve as President and Vice President of the Board. The Secretary said the Board decided at the last special meeting to select officers of the Board to serve annual terms ending June 30, of each year, or until their successors are elected and qualified. Mr. Forrester stated this resolution provides for the Board President and Vice President to serve an annual term and to execute without limitation resolutions and all other documents and acts in connection with the issuing and servicing of bonds issued by the Board and such other activity of the Board as authorized by law. He said many banks and depositories require a board's resolution to authorize their officers to open and administer bank activity. He said this will give the Board a certified resolution appointing those officers.

The President asked for a motion, recommending from the syndicate membership, officers to serve as President and Vice President of the Board of Liquidation, City Debt with the term ending June 30, 2017, or until their successors are elected and qualified. Mr. Hebert motioned to nominate Ms. Mary K. Zervigon serve as President and Mr. Mark M. Moody serve as Vice President. Councilmember Williams seconded, and on roll call the vote was as follows:

AYES: HEAD, HEBERT (FOR LANDRIEU), JOHNSON, MOODY,  
WILLIAMS, ZERVIGON

NAYS: NONE

ABSENT: ARNOLD, BLUE, O'CONNOR

And the resolution was adopted.

The President asked the Secretary to address item #5 on the agenda, a discussion to pay the outstanding principal on the Board's State of Louisiana Gulf Tax Credit Loan. The Secretary stated that at the last special meeting of the Board, it was determined to have the Secretary and co bond counsel contact the State Division of Administration regarding the paying off the outstanding loan balance. He said the city administration has requested the Board defer any action until such time as the State is available to meet with the Mayor and his staff. Mr. Hebert, Deputy Mayor Chief Administrative Officer, stated that with the emergency situation, due to flooding in the Baton Rouge and surrounding areas, the State has suspended all discussions between the City and the Division of Administration. Councilmember Head stated that this was an opportunity to help the state, while requesting relief for the city's loan. Mr. Hebert motioned that the Board defer this discussion until the city administration can re-establish their discussions with the State. Councilmember Williams seconded and on verbal roll call the President asked the membership all in favor of deferring this discussion, six yeas; and any objections, none; with three members absent; and the discussion of paying the Board's outstanding balance on the State of Louisiana Gulf Tax Credit Loan was deferred.

The President asked the Secretary to address item #6 on the agenda, a resolution advertising not to exceed \$70,000,000 Public Improvement Bonds, Issue of 2016. Mr. Gernhauser stated that voters of the City approved a referendum in April 2016, authorizing \$120,000,000 of general obligation bonds to be issued in two installments. He said this would be the first installment and not to exceed \$70,000,000 of Public Improvement Bonds, Issue of 2016, with the sale date to be determined. He asked Ms. Meredith Hathorn, co-bond counsel to address the resolution. Ms. Hathorn stated that this was a standard advertising resolution of a public sale of bonds pursuant to a competitive sale, with certain items to be determined including the principal structure, the sale date and the taxable or tax exempt status of the new money bonds.

The President asked for a motion to adopt the resolution advertising not to exceed \$70,000,000 Public Improvement Bonds, Issue of 2016. Mr. Moody motioned to adopt the advertising resolution and Mr. Johnson seconded, and on roll call the vote was as follows:

AYES: HEAD, HEBERT (FOR LANDRIEU), JOHNSON, MOODY,  
WILLIAMS, ZERVIGON

NAYS: NONE

ABSENT: ARNOLD, BLUE, O'CONNOR

And the resolution was adopted.

The President asked the Secretary to address item #7 on the agenda, to consider a resolution selecting senior underwriter and co-managers from responses to the not to exceed \$65,000,000 General Obligation Refunding Bonds, Series 2016, request for proposal. The Secretary stated that the Board authorized the issuance of a request for proposal at their last meeting and this resolution provides for the selection of senior underwriter and co-managers from the responses. He asked Ms. Lisa Daniel, with PFM, to address the responses and the recommendation of senior manager and co-managers. Ms. Daniel said that with the Board authorization, the RFP was issued to 29 firms and 18 firms responded. She said the proposals were review by the criteria stated in the RFP by co-financial advisors and the Secretary. She said the ability and desire to underwrite the bonds along with the history of presenting ideas to the Board was also part of the criteria along with a general evaluation of the responses. Ms. Daniel stated that with the input from the evaluation of the responses, co-financial advisors PFM and CLB Porter, recommend Bank of America Merrill Lynch (BAML) be awarded as the senior book running manager on the General Obligation Refunding Bonds, Series 2016, as well as Raymond James; Loop Capital Markets and Dorsey & Co., Inc. as co- managers. She also suggested that any firm with a Louisiana office be allowed in a Selling Group if they so desire. She stated the proposal fees ranged from a low of \$.75 per bond to a maximum of \$3.49 per bond. She said the cover spread on fees was \$1.10 per bond or \$.35 per bond or approximately \$18,000. She said BAML has served as senior manager on past negotiated bond issues of the Board and answered the question of spread to the municipal market data

aggressively throughout the maturity schedule, which reflects how they view the market through the Board's credit rating. She said BAML was ranked first in senior managed issues across the country and has a significant market presence in Louisiana. She stated that Dorsey & Co., Inc. is the only locally owned firm and can provide access to the retail market in New Orleans. Loop Capital Markets is a minority owned firm that regularly call on the Board and provided a thorough response to the RFP. They also have a strong Louisiana presence totaling par \$3.8 billion in bond issues. She said Raymond James has significant Louisiana presence and experience and have participated in 3 of the last 4 City of New Orleans Taxable Public Improvement Bond competitive transactions. Mr. Arnold (by conference call) stated that BAML has a strong proposal and that the spread differential was dramatic (25 basis points) and asked if BAML would still be able to offer the same spread at the time of pricing. He asked if BAML spread at the time of the pricing, moved to reflect what the other firms were bidding in their responses, how would you justify naming them senior manager. Ms. Daniel said it is co-financial advisors responsibility to get the best deal for the City and Board and that PFM at the time of sale will provide comparable market data and deals leading up to the pricing date, while establishing an independent target scale and requiring BAML to operate within that scale. She said that target scale may be higher than the BAML proposal, so they are not necessarily held to the spread proposed in their response. She stated going into the market too aggressively may even turn some investors away, so after the pricing, PFM will measure BAML proposal against the final spread and determine if their proposal was too aggressive or a competitive bid. Mr. Arnold said in this scenario whoever proposes the lowest spread and lowest takedown is awarded the bid. Ms. Zervigon stated that the winning proposal should also be realistic. Ms. Daniel stated that the recommendation did not specifically use spread as the determining factor, but the ability to market and sell these bonds at a competitive price for the City and Board. She said there were firms responding with competitive proposals that she would be cautious recommending as senior manager because of their lack of underwriting strength.

Ms. Zervigon asked Ms. Hathorn to address the resolution. Ms. Hathorn stated this was a standard resolution that tracks what the Board has done in the past awarding senior manager and co-managers to refunding bond issues. Mr. Johnson asked the President if the Board was selecting both senior and co-managers as one motion to adopt the resolution. Ms. Zervigon said it would be together in one motion.

The President then asked for a motion to adopt the resolution selecting Bank of America Merrill Lynch as the senior manager and Raymond James; Loop Capital Markets and Dorsey & Co., Inc. as co-managers of the not to exceed \$65,000,000 General Obligation Refunding Bonds, Series 2016. Councilmember Head motioned to adopt the resolution and Mr. Moody seconded, and on roll call the vote was as follows:

AYES: BLUE, HEAD, HEBERT (FOR LANDRIEU), JOHNSON, MOODY, WILLIAMS, ZERVIGON

NAYS: NONE

ABSENT: ARNOLD, O'CONNOR

And the resolution was adopted.

The President asked the Secretary to address item #8 on the agenda, to consider the bond sale resolution for not to exceed \$65,000,000 General Obligation Bonds, Series 2016. The Secretary stated this resolution provides for the Board to negotiate with the senior book running manager, Bank of America Merrill Lynch, and co-managers, the details and pricing of the refunding bonds. He asked Ms. Hathorn to address the resolution. Ms. Hathorn stated that this resolution sets the terms and basic contract with the bondholders providing for the levy of a millage sufficient to pay debt service on these bonds. She said the Board President, Secretary and co-financial advisors will determine with the senior book running manager the date of pricing and sale of the bonds. She said this resolution authorizes the Board President and Secretary to sign the Bond Purchase Agreement after the pricing and terms agreeable to the senior book manager and co-financial advisors are approved. She stated the Board has adopted bond sale resolutions in the past where details available are included in the resolution and final details are inserted as they become available. This allows for the President and Secretary to approve the sale without having the Board reconvene. The Secretary stated that the presentation to the three rating agencies for this bond issue and the new money bonds is scheduled for August 29, 2016. Mr. Shawn

August 17, 2016

Page 4

Barney, CLB Porter co-financial advisor, stated the rating agencies agreed to hold ratings up to 60 days from their release.

The President asked for a motion to adopt the resolution selecting the senior manager and co-managers of the not to exceed \$65,000,000 General Obligation Refunding Bonds, Series 2016. Councilmember Head motioned to adopt the resolution and Mr. Moody seconded, and on roll call the vote was as follows:

AYES: BLUE, HEAD, HEBERT (FOR LANDRIEU), JOHNSON, MOODY,  
WILLIAMS, ZERVIGON

NAYS: NONE

ABSENT: ARNOLD, O'CONNOR

And the resolution was adopted.

There being no further business to come before the Board, Ms. Zervigon motioned for adjournment, Mr. Moody seconded, there being no objections, and the meeting was adjourned by the President at 4:23 P.M.

David W. Gernhauser  
Secretary