

Mr. Montañó asked to address the Board. He thanked the Board for their action taken today, adopting a millage levy of 19.5 mills for 2021. He said this was a concerted effort by the Board staff and the City administration by considering the bonds to be sold next year and the millage renewal package before the voters in December. He said the reduction of 3 mills by the Board of Liquidation in 2021 and, if approved by voters in December, the millage renewal package will provide for no net increase in total millages for 2021. He thanked everyone for their hard work and support in this effort.

The President asked the Secretary to address item #5 on the agenda, a resolution adopting the 2021 Budget for the Board. The Secretary stated that the budget resolution was basically the millage resolution approved by the Board earlier, but with a detail of the expenditures of the Board in 2021. He noted that the salary expense in the budget was increased by \$200,000 from last year. He said this was in part by his retirement in 2021 and the Board's effort to hire more staff next year. He said this also included payment for his annual and sick leave accumulated to his retirement date. Mr. Johnson asked what the anticipated salary expense would be for 2020. Mr. Gernhauser said the Board's total salaries expense in 2020, will total approximately \$315,122. He said the increase to \$575,000 allows flexibility for the Board to hire new staff after his retirement without amending the budget.

Mr. Sloss moved to adopt the 2021 Board budget resolution. Mr. Johnson seconded and on roll call the vote was as follows:

AYES: JOHNSON; McDONALD; MONTAÑO (FOR MAYOR CANTRELL); O'CONNOR; SLOSS; ZERVIGON

NAYS: NONE

ABSENT: KIMBROUGH; MORENO; WILLIAMS

And the resolution was adopted.

The President asked the Secretary to address item #6 on the agenda, a resolution recognizing the final form and execution of the Bond Purchase Agreement (BPA) in connection with the issuance and sale of \$64,750,000 Sewerage Service Revenue Bonds, Series 2020B (SSRB 2020B), of the City of New Orleans, Louisiana, and Sewerage and Water Board of New Orleans (SWBNO) acting through the Board of Liquidation, City Debt, and providing for other matter in connection therewith. The Secretary stated that the SSRB 2020B were priced Tuesday, November 17, 2020, and the verbal commitment was given to the purchaser, J.P. Morgan Securities, upon acceptance by the Board Secretary. Mr. Gernhauser then asked Mr. Jason Akers, co-bond counsel to address the resolution recognizing the BPA and Ms. Lisa Daniel, co-financial advisor, to address the recommendation to the Board. Mr. Akers stated that the Board at its last meeting had given authority to co-financial advisors, co-bond counsel and the Secretary to bring not to exceed \$64,750,000 SSRB 2020B to the market with the underwriting syndicate led by J.P. Morgan Securities as senior manager and Ramirez and Loop Capital as co-managers. He said the sale was successful and the bonds were sold at a premium with approximately \$13,000,000 of additional bond proceeds to be deposited in the construction fund. He said these additional bond proceeds will allow the SWBNO to fund more sewerage projects than anticipated. Ms. Daniel stated that she agreed this was a successful sale and gave a brief background of the process leading up to the pricing for the sale. She said the SWBNO identified a need to fund certain sewerage projects and requested the Board proceed with the sale of approximately \$75,000,000 bonds. She said an RFP was released and the Board selected J.P. Morgan Securities to lead the syndicate and sell the bonds with a takedown of \$1 per bond. She stated that to issue these bonds the SWBNO would need to complete their 2019 audit. She said at that point the SWBNO requested the Board issue a private placement of \$10,250,000 of this authorization to meet immediate needs of the SWBNO. The SSRB 2020A bonds were sold to Chase Bank in June 2020. The Board then began the negotiation process with J.P. Morgan to issue the remaining \$64,750,000 bonds authorized and that this pricing completes the sale of the SSRB 2020B bonds. She said the ratings on the SSRB 2020B were affirmed by S&P at A and Fitch Ratings at BBB+. She said the bonds were sold in a volatile market as rates had moved drastically over the last week. She said the strategy was to enter the market with a comfortable level of interest rates and tighten the scale based on any oversubscription. She said the strategy was successful and the bonds were oversubscribed by over 8 times in certain maturities, which translates to \$533,000,000 of orders for \$64,750,000 of bonds.

Mr. Sloss moved to adopt the resolution recognizing the BPA in the issuance and sale of \$64,750,000 SSRB 2020B to J.P. Morgan Securities, and other matters in connection therewith. Mr. Montañó (for Mayor Cantrell) seconded and on roll call the vote was as follows:

AYES: JOHNSON; KIMBROUGH; McDONALD; MONTAÑO (FOR MAYOR CANTRELL); O'CONNOR; SLOSS; ZERVIGON

NAYS: NONE

ABSENT: MORENO; WILLIAMS

And the resolution was adopted.

The President then asked the Secretary to address items #7 and #8 on the agenda, both resolutions authorizing the issuance and providing for the negotiated sales of not to exceed \$215,000,000 Sewerage Service Revenue Refunding Bonds, Series 2021 (SSRB 2021), and not to exceed \$200,000,000 Water Revenue Refunding Bonds, Series 2021 (WRB 2021), of the Sewerage and Water Board of New Orleans (SWBNO) and the City of New Orleans, Louisiana, making application to

the State Bond Commission and other matters in connection therewith. The Secretary asked Ms. Daniel to address the refunding of the outstanding Sewer and Water bonded debt. Ms. Daniel said the SWBNO has the opportunity at this time to refund its outstanding revenue bonds with a present value savings, which is subject to the volatility of the market. She said this advance refunding would be sold as taxable bonds with maturities not to exceed 2045 and with the proceeds of the new bonds deposited in an escrow paying interest and principal to the call dates of the current outstanding Sewer and Water Revenue bonds. She stated that only the maturities meeting a targeted savings threshold of 3% would be refinanced. She said with current market rates the estimated savings for the Sewerage System Revenue Bonds is approximately \$9,000,000 and \$8,000,000 savings for the Water Revenue Bonds, with a present value savings of over 7% today. Mr. Jason Akers, co-bond counsel, then addressed the specifics regarding the two refunding resolutions. He stated that these refunding bonds would require four separate approvals before moving forward including the SWBNO, which approved this morning, and the Board being requested today to approve these preliminary resolutions. He said the State Bond Commission and City Council must also approve the refunding bond resolutions to move forward in the sale of the bonds. He said this was only a preliminary approval and that if the market were to move and the savings lost, the cost to the Board and SWBNO would be minimal. He said many issuers around the state and nation are taking advantage of low interest rates and moving forward with refunding bonds. Ms. Zervigon asked for a motion to adopt item #7 on the agenda, a preliminary resolution authorizing the sale of not to exceed \$215,000,000 Sewerage Service Revenue Refunding Bonds,

Mr. Sloss moved to adopt the resolution providing for the sale of not to exceed \$215,000,000 Sewerage Service Revenue Refunding Bonds, Series 2021 (SSRB 2021), of the City of New Orleans, Louisiana, and Sewerage and Water Board of New Orleans and other matters in connection therewith. Mr. Kimbrough seconded and on roll call the vote was as follows:

AYES: JOHNSON; KIMBROUGH; McDONALD; MONTAÑO (FOR
MAYOR CANTRELL); O'CONNOR; SLOSS; ZERVIGON

NAYS: NONE

ABSENT: MORENO; WILLIAMS

And the resolution was adopted.

The President asked for a motion on item #8 on the agenda, a resolution to refund not to exceed \$200,000,000 Water Revenue Bonds.

Mr. Johnson moved to adopt the resolution providing for the sale of not to exceed \$200,000,000 Water Revenue Refunding Bonds, Series 2021 (WRB 2021), of the City of New Orleans, Louisiana, and Sewerage and Water Board of New Orleans and other matters in connection therewith. Mr. Kimbrough seconded and on roll call the vote was as follows:

AYES: JOHNSON; KIMBROUGH; McDONALD; MONTAÑO (FOR
MAYOR CANTRELL); O'CONNOR; SLOSS; ZERVIGON

NAYS: NONE

ABSENT: MORENO; WILLIAMS

And the resolution was adopted.

The Secretary asked Mr. Akers if the resolutions regarding the sale of SSRB 2021 and WRB 2021 refunding bonds included the authorization for the Secretary and co-financial advisors to issue request for proposals soliciting underwriting firms for the refunding. Mr. Akers stated that the resolutions did allow for the issuance of request for proposals to solicit underwriters for these refunding bonds. The President asked if there were any recommendations regarding an underwriting syndicate for these bonds. Ms. Daniel, co-financial advisor, stated that within the current market, it may be advantageous for the Board and SWBNO to consider appointing J.P. Morgan Securities to serve as senior manager on the proposed SSRB 2021 and WRB 2021 refunding bonds, since they have just completed the sale of the SSRB 2020B. She said an RFP was issued earlier in this year selecting JP Morgan at \$1 per bond and that the recent work completed on the SSRB 2020B, including rating agency presentations and the preparation of an official statement, would facilitate in the sale of the refunding bonds. She said investors have a clear picture of the SWBNO financial position at this time, but the COVID-19 pandemic could bring more skepticism into that mindset. She said the interest rate volatility is real in the market and that it would be prudent for the Board move forward immediately and recommended appointing J.P. Morgan Securities as Senior Manager on the sale of the refunding bonds, while savings are still available in the market. The President asked Mr. Bill Forrester, legal counsel to the Board, to comment on the recommendation to move forward with the appointment of J.P. Morgan Securities without issuing an RFP. Mr. Forrester said the Board has taken advantage of falling interest rates in the past and issued refunding bonds to reduce debt service. He said the Board has a broad authority in the issuance of bonds, including refunding bonds which the Board has normally issued RFP to select an underwriter. He said appointing J.P. Morgan Securities, would in effect be supplementing the RFP selection earlier this year. He stated that the Board, through the State Bond Commission, has direct authority in hiring an underwriter for a bond issue. He said that the Board normally issues an RFP when refunding bonds, but state law grants to the Board the authority to appoint underwriters on all bond issues. Mr. Kimbrough asked what the risk would be if the Board decided not to go through another RFP process, is it a cost benefit or legal challenge? Mr. Forrester said that if J.P. Morgan Securities is selected without another RFP, there is a possibility other investment banks could have offered a lower rate. Mr. Kimbrough asked if the Board could bring in other co-managers if an RFP is not issued. Mr. Gernhauser stated that co-

managers could be appointed to a syndicate, but J.P. Morgan would be appointed Senior Book Manager on the refunding bonds. Mr. Johnson asked if it is required of the Board to issue an RFP when refunding bonds or would it be a violation of state law. Mr. Forrester said in the past the Board issued an RFP on refunding bonds to obtain the best deal and as competitively as possible. Mr. Sloss said it seems there is no absolute prohibition from the Board moving forward to appoint J.P. Morgan Securities and if there is a problem with this decision, the Board could revisit this issue. Mr. Forrester said it made him uncomfortable moving forward without an RFP because of laws regulating the RFP process, but the Board is a unique entity. Mr. Kimbrough asked how long of a pause in the bond issuance if there would be an RFP process. Mr. Forrester stated he agreed with Ms. Daniel's estimate of at least two or more months delay in the sale of the refunding bonds if an RFP is issued. Mr. Kimbrough said he understood Mr. Forrester's caution, but felt he wanted to move forward by appointing J.P. Morgan Securities and making sure co-managers are considered before selling the refunding bonds. Mr. Sloss agreed. Ms. Zervigon said the Board has been including co-managers. Mr. Sloss proposed the Board move forward with appointing J.P. Morgan Securities senior manager upon the condition it is the Board's authority under state law. The Secretary asked co-bond counsel if this was an amendment to the original resolution. Mr. Akers stated that this would not be an amendment to the original resolution, but action taken separately by the Board appointing J.P. Morgan Securities as the senior manager on both the SSRB 2021 and WRB 2021 refunding bonds. He also asked the President to address the concerns raised by the Board legal counsel regarding the RFP process. He said speaking from a state law perspective the selection of underwriters falls within the professional services category and there is no specific procurement process mandated by state law. He stated this was co-bond counsel's experience throughout the state with other governmental entities and not addressing the practice of the Board in the past. He said from a comfort perspective the RFP process to select underwriters is less the norm than for an entity to conduct an RFP to select an underwriter. He said he would be willing to work with Mr. Forrester to come to an understanding regarding this issue. Mr. Forrester agreed there are exceptions in the law regarding professional services and would discuss with Mr. Akers this issue to avoid any problems. He stated that he felt Mr. Sloss motion seemed reasonable for the Board to move forward. The President asked if there was any further discussion.

Mr. Sloss moved to appoint J.P. Morgan Securities as senior manager on both item #7 and #8 on the agenda for the proposed SSRB 2021 and WRB 2021 refunding bonds, barring any legal impediments. Mr. Kimbrough seconded and on roll call the vote was as follows:

AYES: JOHNSON; KIMBROUGH; McDONALD; MONTAÑO (FOR
MAYOR CANTRELL); O'CONNOR; SLOSS; ZERVIGON

NAYS: NONE

ABSENT: MORENO; WILLIAMS

And the resolution was adopted.

The President asked the Secretary to address item #9 on the agenda, a resolution to advertise and provide for the sale of not to exceed \$300,000,000 Public Improvement Bonds, Issue of 2021 (PI 2021), of the City of New Orleans, Louisiana, and other matter in connection therewith. The Secretary stated that this resolution provides for the Board to advertise the \$300,000,000 PI 2021 bonds as discussed and adopted in the 2021 millage levy approved by the Board earlier in this meeting. He asked Mr. Akers to address the resolution as to the action to be taken by the Board today. Mr. Akers stated that the resolution addresses the first tranche of bonds to be sold from the \$500,000,000 authorized by voters in 2019. He said the most recent general obligation bonds sold by the city have been on a taxable basis due to the amount of unspent bond proceeds on hand to fund capital projects. He stated the city administration has worked to reduce the unspent balances through many of the capital projects to a point where bond counsel is confident these PI 2021 bonds can be sold with a tax-exempt opinion from bond counsel. He said that translates to a lower cost to the city by issuing the PI 2021 at a lower tax-exempt interest rate. He said this resolution provides for up to \$300,000,000 bonds to be advertised and to be sold on a competitive basis as is the Board's practice with new money bonds. He stated that this resolution does permit co-bond counsel to declare a portion of these bonds taxable as may be needed to fund the affordable housing portion of this issue approved by voters. He stated the restrictions applicable to the affordable housing portion are part of state law and not federal income tax law. Mr. Montaña said he appreciates the support from this Board to move forward with this bond issue which in turn will fund needed capital projects of the city.

Mr. Montaña (for Mayor Cantrell) moved to adopt the resolution to advertise the sale of not to exceed \$300,000,000 Public Improvement Bonds, Issue of 2021, and other matters in connection therewith. Mr. O'Connor seconded and on roll call the vote was as follows:

AYES: JOHNSON; KIMBROUGH, McDONALD; MONTAÑO (FOR
MAYOR CANTRELL); O'CONNOR; SLOSS; ZERVIGON

NAYS: NONE

ABSENT: MORENO; WILLIAMS

And the resolution was adopted.

The President asked the Secretary to address item #10 on the agenda, a report from the Board's co-financial advisor and co-bond counsel, regarding the selection of an Escrow Agent and Verification Agent from request for proposals and the

defeasance of \$11,920,000 Taxable Public Improvement Bonds, Issue of 2014 (PI 2014), term bond due December 1, 2043. The Secretary asked Ms. Lisa Daniel, co-financial advisor, to address the defeasance and escrow process regarding the PI 2014 term bond. Ms. Daniel said there was an RFP issued to solicit both an escrow agent bank and a verification agent prior to the defeasance of the PI 2014 term bond. She said U.S. Bank was selected as the lowest cost provider for the services as escrow agent from three bids received. She said The Arbitrage Group was selected as verification agent to the defeasance of these bonds with a fee of \$850, from seven bids received. The Secretary stated that this escrow will be funded after co-financial advisors, co-bond counsel, verification agent and escrow agent execute the defeasance notification and escrow agreement, later this month.

The President asked the Secretary to address item #11 on the agenda, the selection of Independent Auditor; Bond Counsel; and Independent Financial Advisor to the Board for services through the contract term of January 1, 2021 to December 31, 2023, from responses to request for proposals. The Secretary said the Board should discuss and consider each professional service individually and then vote on each separately beginning with the Independent Auditor. He said that there were three proposals received for Independent Auditor, 1) Paciera Gautreau & Priest, which included a DBE firm in their proposal with a total annual fee of \$79,470 and \$15,000 for Statewide Agreed Upon Procedures (SAUP), totaling \$94,470. 2) Postelwaite & Netterville, who did not include a DBE firm in their proposal but would work with a DBE firm selected by the Board. Their total annual fee was \$79,800 with a monthly work fee of \$30,000. With their SAUP fee was \$13,500 the total contract proposal is \$123,300. 3) Ericksen Krentel also did not include a DBE in their proposal but agreed to work with whomever the Board chose. Their total annual fee was \$81,480 with a SAUP fee of \$15,060 totaling \$96,540 per the proposal. The Secretary said he recommended the Board accept the proposal from Paciera, Gautreau & Priest as the lowest cost provider for the services of Independent Auditor and the contract term expiring December 31, 2023. Mr. Johnson asked which DBE firm was included in their proposal. The Secretary said the firm of E. K. Lozano & Company was the certified DBE firm.

Mr. Sloss moved to select the firms of Paciera, Gautreau and Priest, LLC as primary and E. K. Lozano & Company, as DBE, to serve as Independent Auditor to the Board of Liquidation, City Debt, for the contract term of January 1, 2021 to December 31, 2023. Mr. Kimbrough seconded and on roll call the vote was as follows:

AYES: JOHNSON; KIMBROUGH; McDONALD; MONTAÑO (FOR
MAYOR CANTRELL); O'CONNOR; SLOSS; ZERVIGON

NAYS: NONE

ABSENT: MORENO; WILLIAMS

And the resolution was adopted.

The President asked the Secretary to address the responses to the Bond Counsel RFP. The Secretary said there were three responses to the RFP for bond counsel to the Board. He said two firms sent proposals to serve as primary bond counsel 1) Foley & Judell LLP and 2) The McKee Law firm. He said the third response was from Auzenne & Associates, a certified DBE firm. The Secretary said he recommends the Board select Foley & Judell as the primary bond counsel and Auzenne & Associates as co-bond counsel serving as a certified DBE.

Mr. Montaña (for Mayor Cantrell) moved to select the firms of Foley & Judell as the primary bond counsel and Auzenne & Associates as a certified DBE co-Bond Counsel to the Board of Liquidation, City Debt for the contract term of January 1, 2021 to December 31, 2023. Mr. Sloss seconded and on roll call the vote was as follows:

AYES: JOHNSON; McDONALD; MONTAÑO (FOR
MAYOR CANTRELL); O'CONNOR; SLOSS; ZERVIGON

NAYS: KIMBROUGH

ABSENT: MORENO; WILLIAMS

And the resolution was adopted.

The President asked the Secretary to address the responses to the RFP for Financial Advisor (FA) to the Board. The Secretary said there were three responses to the RFP for financial advisor to the Board, 1) PFM Financial Advisors LLC (PFM) with CLB Porter, a DBE firm in a joint proposal. 2) Estrada Hinojosa, a certified DBE firm to serve as primary FA and 3) TKG and Associates, a minority owned firm, to serve as primary FA. He said an analysis of the criteria and cost by each proposal was conducted by the Board staff with the firm of PFM bidding with CLB Porter as co-FA and DBE, as the lowest cost provider to the Board. The Secretary said he recommend the Board select PFM and CLB Porter as co-FA to the Board of Liquidation, City Debt.

Mr. Montaña (for Mayor Cantrell) moved to select the firms of PFM. as primary and CLB Porter, LLC as DBE, to serve as co-Financial Advisors to the Board of Liquidation, City Debt for the contract term of January 1, 2021 to December 31, 2023. Mr. Sloss seconded and on roll call the vote was as follows:

AYES: JOHNSON, KIMBROUGH, McDONALD; MONTAÑO (FOR
MAYOR CANTRELL), O'CONNOR; SLOSS; ZERVIGON

NAYS: NONE

ABSENT: MORENO; WILLIAMS

And the resolution was adopted.

The President said under other business that the Board may need to convene in December to discuss matters related to the retirement of the Secretary and other matters as well.

There being no further business to come before the Board, Ms. Zervigon motioned for adjournment, Mr. Kimbrough seconded, there being no objections, the meeting was adjourned by the President at 4:55 P.M.

David W. Gernhauser
Secretary