

In the opinion of Co-Bond Counsel, under existing law, interest on the 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; it should be noted, however, for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining adjusted current earnings. Further, under the provisions of the Act (as defined herein), the Bonds are exempt from all taxation in Louisiana for state, parish, municipal and other local purposes. See "Tax Exemption" herein and Appendix "G" attached hereto.



CITY OF NEW ORLEANS

\$14,900,000
DRAINAGE SYSTEM REFUNDING BONDS, SERIES 2014
CITY OF NEW ORLEANS, LOUISIANA



Dated: Date of Delivery

Due: December 1, 2014 to December 1, 2022

The City of New Orleans, Louisiana (the "City" or "Issuer") is issuing the captioned Drainage System Refunding Bonds, Series 2014 (the "Bonds") on behalf of the Sewerage and Water Board of New Orleans (the "Board"). The Bonds are being initially issued 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 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 and interest on the Bonds will be payable by The Bank of New York Mellon Trust Company, N.A., in the City of Dallas, Texas, or any successor paying agent (collectively, the "Paying Agent") to DTC, which will remit such payments to the Direct Participants for the Beneficial Owners of the Bonds in accordance with its normal procedures, as described herein. Interest on the Bonds is payable on December 1, 2014, and semiannually thereafter on June 1 and December 1 of each year. See Appendix "I" - Book-Entry Only System.

The Bonds are not callable for redemption prior to their stated dates of maturity.

The Bonds are special and limited obligations of the City and are secured by and payable from an irrevocable pledge and dedication of the funds to be derived by the City from the levy and collection of an *ad valorem* tax of 7.06 mills (the "Tax") (such rate being subject to adjustment from time to time due to reassessment), which the City is authorized to impose and collect in each year the Bonds are outstanding, to be levied on all the property subject to taxation within the corporate boundaries of the City. The Bonds are being issued by the City on behalf of the Board pursuant to the provisions of Sections 4147 through 4156 of Title 33 of the Louisiana Revised Statutes of 1950, as amended (the "Act"), and Chapter 14-A of Title 39 of the Louisiana Revised Statutes of 1950, as amended (the "Refunding Act") and other constitutional and statutory authority.

The Bonds are being issued for the purposes of (i) defeasing the Issuer's Drainage System Bonds, Series 2002 (the "Series 2002 Bonds"), maturing December 1, 2014, and refunding in advance of maturity the Issuer's Series 2002 Bonds, maturing December 1, 2015 to December 1, 2022, inclusive; (ii) defeasing the Issuer's Drainage System Bonds, Series 1998 (the "Series 1998 Bonds"), maturing December 1, 2014, and refunding in advance of maturity the Series 1998 Bonds, maturing December 1 of the years 2015, 2016 and 2018 respectively; and (iii) paying the costs of issuance of the Bonds, all as set forth in the Bond Resolution. The Bonds are being sold by the Board of Liquidation, City Debt (the "Board of Liquidation"), a body corporate that serves as the custodian for the City and the Board.

The Maturity Schedule for the Bonds appears on the inside cover hereof.

Morgan Stanley

BofA Merrill Lynch

Goldman, Sachs & Co.

Blaylock Beal Van, LLC

Southwest Securities, Inc.

Wells Fargo Securities

The Bonds are offered subject to the joint approving opinions of Foley & Judell, L.L.P., New Orleans, Louisiana, and Auzenne & Associates, L.L.C., New Orleans, Louisiana, Co-Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Squire Patton Boggs (US) LLP, Cleveland, Ohio, and McKee Law Firm, L.L.C., New Orleans, Louisiana, Co-Underwriter's Counsel. Certain legal matters will be passed upon for the Board of Liquidation by Beirne, Maynard & Parsons, L.L.P., New Orleans, Louisiana, Public Financial Management, Inc., Memphis, Tennessee, and CLB Porter, LLC, New Orleans, Louisiana, serve as independent Co-Financial Advisors to the Issuer. It is expected that the Bonds in definitive form will be available for delivery to DTC in New York, New York, on or about November 20, 2014*, against payment therefor.

The date of this Official Statement is November 5, 2014. 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.

\$14,900,000
DRAINAGE SYSTEM REFUNDING BONDS, SERIES 2014

CITY OF NEW ORLEANS, LOUISIANA

MATURITY SCHEDULE
(Base CUSIP No. 64763F)

<u>Due</u> <u>Dec. 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Due</u> <u>Dec. 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2014	\$ 535,000	2.00%	0.100%	TA7	2019	\$1,815,000	4.00%	1.580%	TF6
2015	1,615,000	2.00	0.150	TB5	2020	1,895,000	3.00	1.890	TG4
2016	1,650,000	2.00	0.650	TC3	2021	1,955,000	2.00	2.193	TH2
2017	1,690,000	3.00	0.940	TD1	2022	2,000,000	2.25	2.422	TJ8
2018	1,745,000	4.00	1.250	TE9					

CUSIP Numbers © Copyright 2014, American Bankers Association CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Capital IQ., a part 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. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions.

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriters 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 the City or the Underwriters (as defined herein). 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 set forth herein concerning The Depository Trust Company (“DTC”) has been furnished by DTC, and no representation is made by the City or the Underwriters as to the completeness or accuracy of such information. All other information set forth herein has been obtained from the City and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as representation by, the Underwriters. 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. 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 does not constitute a contract between the City or the Underwriters and any one or more of the purchasers or registered owners of the Bonds.

THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR 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.

BY ITS PURCHASE OF THE BONDS, AN INVESTOR IS ACKNOWLEDGING THAT IT HAS REVIEWED ALL THE INFORMATION IT DEEMS NECESSARY TO MAKE AN INFORMED DECISION, AND THAT IT IS NOT RELYING ON ANY REPRESENTATION OF THE UNDERWRITERS OR ANY OF ITS OFFICERS, REPRESENTATIVES, AGENTS OR DIRECTORS IN REACHING ITS DECISION TO PURCHASE BONDS.

THE INVESTOR, BY ITS PURCHASE OF THE BONDS, ACKNOWLEDGES ITS CONSENT FOR THE UNDERWRITERS TO RELY UPON THE INVESTOR’S UNDERSTANDING OF AND AGREEMENT TO THE PRECEDING PARAGRAPH AS SUCH RELATES TO THE DISCLOSURE AND FAIR DEALING OBLIGATIONS THAT MAY BE APPLICABLE TO THE UNDERWRITERS UNDER APPLICABLE SECURITIES LAWS AND REGULATIONS.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE BOND RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATIONS OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED DOES NOT MEAN THAT EITHER THESE JURISDICTIONS OR ANY OF THEIR AGENCIES HAVE PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED, THE SECURITIES, OR THEIR OFFER OR SALE. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE GUARANTEED OR PASSED UPON THE SAFETY OF THE BONDS AS AN INVESTMENT, UPON THE PROBABILITY OF ANY EARNINGS THEREON OR UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND SUCH STABILIZING TRANSACTIONS, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES OR YIELDS LOWER THAN THE PUBLIC OFFERING PRICES OR YIELDS STATED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES OR YIELDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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: www.munideals.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.

**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 expressly disclaims any duty to provide an update of any information contained in this Official Statement, except as agreed upon by said party pursuant to the Continuing Disclosure Certificate included herein as Appendix “H.”

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.

This Official Statement contains projections of revenues, expenditures and other matters. Because the City 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

Stacy S. Head, *Councilmember at Large, President*
Jason R. Williams, *Councilmember at Large, Vice-President*
Susan G. Guidry, *Councilmember District "A"*
LaToya Cantrell, *Councilmember District "B"*
Nadine Ramsey, *Councilmember District "C"*
Jared Brossett, *Councilmember District "D"*
James Austin Gray II, *Councilmember District "E"*

BOARD OF LIQUIDATION, CITY DEBT

Mary K. Zervigon, President

Richard P. Wolfe, Vice President

Mitchell J. Landrieu, *ex officio*

Jason R. Williams, *ex officio*

Alan C. Arnold

Henry F. O'Connor, Jr.

Stacy S. Head, *ex officio*

W. Raymond Manning

Mark M. Moody

David W. Gernhauser, *Secretary*

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Board of Directors

Mitchell J. Landrieu, Mayor, President

Alan C. Arnold

Robin Barnes

Marion Bracy

Tamika Duplessis

Scott Jacobs

William Raymond Manning, President Pro-Tem

Kerri Kane

Mark M. Moody

Joseph Peychaud

Kimberly Thomas

Executive Staff

Cedric S. Grant, Executive Director

Robert K. Miller, Deputy Director

Joseph R. Becker, General Superintendent

Madeline F. Goddard, Deputy General Superintendent

Nolan P. Lambert, Special Counsel

CONSULTANTS AND ADVISORS

Co-Bond Counsel

Foley & Judell, L.L.P.

Auzenne & Associates, L.L.C.

Co-Underwriters' Counsel

Squire Patton Boggs (US) LLP

McKee Law Firm, L.L.C.

Auditors, Sewerage and Water Board

Postlethwaite & Netterville, APAC

Auditors, Board of Liquidation, City Debt

Paciera, Gautreau & Priest, LLC

Legal Counsel, Board of Liquidation, City Debt

Beirne, Maynard & Parsons, L.L.P.

Co-Financial Advisors, Board of Liquidation, City Debt

Public Financial Management, Inc.
CLB Porter, LLC

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OFFICIAL STATEMENT

\$14,900,000

DRAINAGE SYSTEM REFUNDING BONDS, SERIES 2014

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”) provides information with respect to the referenced Bonds (the “Bonds”). The Bonds are being issued pursuant to Resolution No. R-209-2014 adopted on September 17, 2014 (the “Bond Resolution”), by the Board of Directors of the Sewerage and Water Board of New Orleans (the “Board”), and Resolution No. R-14-411 adopted on October 2, 2014, by the City Council of New Orleans (the “City Council”) and the terms of a Bond Purchase Agreement dated November 5, 2014 between the City and the Underwriters (hereinafter defined) (the “Purchase Agreement”). The Bonds are being sold by the Board of Liquidation, City Debt (the “Board of Liquidation”), a body corporate that serves as the custodian for the City and the Board.

The descriptions and summaries of the City, 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.

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 Issuer.

Additional Information

The City’s Comprehensive Annual Financial Report for the year ended December 31, 2013 may be found at: www.nola.gov/accounting/. The City’s current Capital and Operating Budgets may be found at: www.nola.gov/mayor/budget/. The Board’s Comprehensive Annual Financial Report for the year ended December 31, 2013, and current Capital and Operating Budgets may be found at: www.swbno.org/docs.asp. The Board of Liquidation’s Audited Financial Statements for fiscal year ending December 31, 2013 may be found at: www.bolcd.com/FinancialReports.aspx?tab=1.

Certain financial and statistical data regarding the City and the Parish of Orleans, State of Louisiana (the “Parish”) is included in Appendix “B” hereto. Maps indicating the general location of the City are included before Appendix “A” hereto.

PURPOSES OF ISSUE

The Bonds are being issued for the purposes of (i) defeasing the Issuer’s Drainage System Bonds, Series 2002 (the “Series 2002 Bonds”), maturing December 1, 2014, and refunding in advance of maturity the Issuer’s Series 2002 Bonds, maturing December 1, 2015 to December 1, 2022, inclusive; (ii) defeasing the Issuer’s Drainage System Bonds, Series 1998 (the “Series 1998 Bonds”), maturing December 1, 2014, and refunding in advance of maturity the Series 1998 Bonds, maturing December 1 of the years 2015, 2016 and 2018 respectively; and (iii) paying the costs of issuance of the Bonds, all as set forth in the Bond Resolution. The outstanding Series 1998 Bonds and Series 2002 Bonds are collectively referred to herein as the “Refunded Bonds”.

The Bonds are being sold by the Board of Liquidation, a body corporate that serves as the custodian for the City and the Board.

PLAN OF REFUNDING

A portion of the proceeds of the Bonds, together with additional moneys provided by the Issuer, will be deposited in a special trust fund (the “Escrow Fund”) established pursuant to the terms of a Defeasance and Escrow Deposit Agreement (the “Agreement”) to be dated as of November 1, 2014, 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”). Upon delivery of the Bonds, the Bond proceeds and other moneys in the Escrow Fund will be applied by the Escrow Agent for the purpose of paying the principal of and interest on the Refunded Bonds through their maturity on December 1, 2014 or redemption on December 8, 2014, as applicable, and to pay costs of issuing the Bonds.

SOURCES AND USES OF FUNDS

SOURCES	
Bond Principal	\$14,900,000.00
Original Issue Premium	649,216.40
Existing Sinking Fund Moneys	<u>1,298,911.25</u>
Total	<u>\$16,848,127.65</u>
USES	
Deposit to Escrow Fund	\$16,582,956.51
Costs of Issuance*	<u>265,171.14</u>
Total	<u>\$16,848,127.65</u>

** Includes legal and required fees, underwriters’ discount, and other costs of issuance.*

DESCRIPTION OF THE BONDS

Amount of Bonds Being Issued

Fourteen Million Nine Hundred Thousand Dollars (\$14,900,000) of Drainage System Refunding Bonds, Series 2014 of the Issuer are being issued.

Date of Issue

The Bonds are dated as of their date of delivery, which is anticipated to be November 20, 2014.

Purchase of Bonds

The Bonds are being purchased by Morgan Stanley & Co. LLC, as senior book running managing underwriter; Bank of America Merrill Lynch and Goldman, Sachs & Co. as co-senior managing underwriters; and Blaylock Beal Van, LLC, Southwest Securities, Inc. and Wells Fargo Securities as co-managing underwriters (collectively, the “Underwriters”). See “UNDERWRITING” herein.

Paying Agent

The Bank of New York Mellon Trust Company, N.A., of the City of Dallas, Texas (the “Paying Agent”), is designated as the initial paying agent for the bonds pursuant to the Bond Resolution.

Authority for the Bonds

The Bonds are authorized and issued pursuant to the provisions of Sections 4147 through 4156 of Title 33 of the Louisiana Revised Statutes of 1950, as amended (the “Act”), and Chapter 14-A of Title 39 of the Louisiana Revised Statutes of 1950, as amended (the “Refunding Act”), and other constitutional and statutory authority.

Security for the Bonds

The Bonds are special and limited obligations of the City and are secured by and payable from an irrevocable pledge and dedication of the funds to be derived by the City from the levy and collection of an *ad valorem* tax of 7.06 mills (such rate being subject to adjustment from time to time due to reassessment) (see “PROVISIONS RELATING TO THE SECURITY FOR THE BONDS - Tax Rate Adjustment” for additional information on reassessment), which the City is authorized to impose and collect in each year through calendar year 2031 (the “Tax”). Pursuant to the provisions of the Act, the Tax is to be levied on all the property subject to taxation within the corporate boundaries of the City. The Tax is authorized to be used for purposes related to the Drainage System (as defined herein), including the construction and extension thereof and the payment of debt service on bonds issued for such purposes, and has been levied at various millage rates since it was approved.

Security Interest

The Bond Resolution provides for a pledge by the Issuer of the revenues of the Tax as security for the Bonds. (See “DESCRIPTION OF THE BONDS - Security for the Bonds” herein.) Pursuant to Section 39:1430.1 of the Louisiana Revised Statutes of 1950, as amended, the revenues of the Tax so pledged and then or thereafter received by the Issuer, the Board of Liquidation or the

Paying Agent shall be subject to the lien of such pledge. The lien of the Bondholders on the revenues of the Tax is a first priority lien, and no filing is required under Chapter 9 of the Uniform Commercial Code as enacted in the State of Louisiana for the perfection and priority of such pledge.

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.

Coverage

The maximum annual principal and interest requirements on the Bonds is \$2,045,000.00. The revenue to be realized from the levy of the Tax for the calendar year ending December 31, 2014, is expected to be approximately \$19,600,000.00. Accordingly, the estimated revenues of the Tax for calendar year 2014 will provide a coverage of approximately **9.58 times** the maximum annual principal and interest requirements on the Bonds in any future calendar year.

No assurance can be given that the revenues of the Tax in future years will not decline from the amount expected to be received in 2014.

For additional information on the debt service requirements, see Appendix “F” herein.

Maturities; Interest Payment Dates

The Bonds will mature on December 1 in the years and in the principal amounts indicated on the inside cover page of this Official Statement. Interest on the Bonds is payable on June 1 and December 1 of each year, commencing December 1, 2014 (each an “Interest Payment Date”), at the rates per annum indicated on the inside 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.

Sinking Fund

Pursuant to the Act, the revenues of the Tax after paying costs associated with the collection thereof and other required deductions (See “PROVISIONS RELATING TO THE SECURITY FOR THE BONDS - Deductions from Tax Collections” herein) are required to be paid over to the Board of Liquidation day by day as collected by the City.

The Board of Liquidation is required pursuant to the Act to annually retain from the revenues of the Tax an amount which, together with other moneys required to be paid by the Board, shall be sufficient to provide for the payment of the principal and interest on the Bonds and any Parity Bonds (hereinafter defined). The Board of Liquidation will maintain a special fund, to be held by the regularly designated fiscal agent of the Board of Liquidation (the “Sinking Fund”), into which

the Board of Liquidation will deposit the revenues of the Tax. The Board of Liquidation shall transfer from the Sinking Fund to the Paying Agent, on or before each Interest Payment Date, funds fully sufficient to pay promptly the principal and interest falling due on such date.

As provided by the Act, after providing for the payment of the principal of and interest on the Bonds and after making such further reservation of revenues derived from the Tax as may be required by the terms of the Bond Resolution or as the Board of Liquidation, in its discretion, may deem necessary to insure the prompt and regular payment of the principal of and interest on the Bonds, the residue of said revenues shall be used by the Board for the purposes then set forth in the Act.

All moneys deposited with the regularly designated fiscal agent bank or banks of the Board of Liquidation or the Paying Agent under the terms of the Bond Resolution shall constitute sacred funds for the benefit of the Owners of the Bonds and shall be secured by said fiduciaries at all times to the full extent thereof in the manner required by law for the securing of deposits of public funds. All or any part of the moneys in the Sinking Fund shall, at the written request of the Board of Liquidation, be invested in accordance with the laws of the State of Louisiana (the "State"), in which event all income derived from such investments shall be added only to the Sinking Fund. To the extent not invested, the regularly designated fiscal agent of the Board of Liquidation holding the Sinking Fund is required to maintain security for the deposits in the Sinking Fund in the manner and in the amount required by Part II of Chapter 7 of Title 39 of the Louisiana Revised Statutes of 1950, as amended.

Parity Obligations

The Issuer shall issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on the revenues of the Tax having priority over or parity with the Bonds, except that Parity Bonds ("Parity Bonds") may hereafter be issued under the following conditions:

- (a) The Bonds or any part thereof, including the interest thereon, may be refunded, and the refunding bonds so issued shall enjoy complete equality of lien with the portion of the 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 the Bonds refunded; provided, however, that if only a portion of the Bonds outstanding is so refunded and the refunding bonds require total principal and interest payments during any calendar year in excess of the principal and interest which would have been required in such year to pay the Bonds refunded thereby, then such Bonds may not be refunded without the consent of the Owners of the unrefunded portion of the Bonds (provided such consent shall not be required if such refunding bonds meet the requirements set forth in clause (b) of this Section).
- (b) Parity Bonds may be issued on and enjoy a full and complete parity with the Bonds with respect to the Tax, provided that the combined principal and interest requirement for any calendar year on the Bonds, any outstanding Parity Bonds, and the proposed Parity Bonds does not exceed 75% of the revenues estimated to be realized from the levy of the Tax in the year in which such Parity Bonds are issued; it being provided, however, that the proceeds of said Parity Bonds are to be expended only for the purposes for which the Tax is levied, refunding the Bonds or establishing debt service reserves for the security of the Bonds and the Parity Bonds.

- (c) The Issuer, the Board and the Board of Liquidation must be in full compliance with all covenants and undertakings in connection with the Bonds and there must be no delinquencies in payments required to be made in connection therewith.
- (d) Junior and subordinate bonds may be issued without restriction.

Redemption Provisions

The Bonds are not callable for redemption prior to their stated dates of maturity.

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 in Appendix “I”-Book-Entry Only System.

Place of Payment. Principal of the Bonds will be payable by the Paying Agent at its corporate trust office located in the City of Dallas, Texas, or if by any successor trustee, at the place so designated.

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.

Defeasance

Pursuant to Chapter 14 of Title 39 of the Louisiana Revised Statutes of 1950, as amended, and the Bond Resolution, the Bonds, in whole or in part, shall be defeased and shall be deemed to be paid and shall no longer be considered to be outstanding under the Bond Resolution, and the covenants, agreements, and obligations contained in the Bond Resolution with respect to such Bonds shall be discharged if one of the following shall occur:

- (1) There is deposited in an irrevocable trust with a bank which is a member of the Federal Deposit Insurance Corporation, or its successor, or with a trust company, monies in an amount sufficient to pay in full the principal of and interest and call premiums, if any, on such Bonds to their stated maturity or to the date fixed for their redemption if irrevocable provision has been made for the call thereof.
- (2) There is deposited in an irrevocable trust with a bank which is a member of the Federal Deposit Insurance Corporation, or its successor, or with a trust company, noncallable direct general obligations of the United States of America or obligations unconditionally guaranteed in principal and interest by the United States of America, including certificates or other evidence of an ownership interest in such noncallable direct obligations, which may consist of specified portions of interest thereon, such as those securities commonly known as CATS, TIGRS, and STRPS, the principal of and interest on which, when added to other monies, if any, deposited therein, shall be sufficient to pay when due the principal of and interest and call premiums, if any, on such Bonds to their stated maturity or to the date fixed for their redemption if irrevocable provision has been made for the call thereof.

Neither the obligations or the moneys deposited in irrevocable trust nor the principal or interest payments on any such obligations shall be withdrawn or used for any purpose other than and shall be held in trust for the payment of the principal of, and interest on the Bonds defeased. The owners of the Bonds which are so defeased shall have an express lien on such moneys or governmental obligations until paid out, used, and applied as set forth above.

PROVISIONS RELATING TO THE SECURITY FOR THE BONDS

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 parish 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 Louisiana Constitution of 1974, as amended (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 assessor for the 2012 tax roll, at which time the assessed valuations had a slight increase over prior years. There can be no guaranty that the assessed valuation of the City will increase in future years. 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 annual 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 certain military and disabled persons, a property tax exemption for leased medical equipment, a municipal property tax exemption for motor vehicles and a property tax exemption for consigned art. The Issuer cannot guarantee whether future amendments to the Constitution will be proposed or approved by voters.

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), and an increase in the homestead exemption (from \$7,500 to \$15,000 of assessed valuation) is applicable for 100% disabled veterans and their surviving spouses, as approved by majority vote in the Parish. In all other parishes in the State, taxes for municipal purposes are applied to the total assessed valuation of the property being taxed.

Approximately 12.54% of the total assessed valuation of the Issuer for 2014 represents homestead exempt property. The Tax is subject to homestead exemption. No assurance can be given that the percentage of the total assessed valuation of the Issuer that represents homestead exempt property will not change materially in future years.

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, LA. R.S. 47:1705 provides a procedure by which such millage may be readjusted upward, or “rolled forward,” to the prior authorized millage rate.

In order to roll the maximum authorized millage forward, the governing authority of the Issuer must publish notice of its intent to do so two times before a date specified in the statute (currently July 15) and hold a public hearing not less than 30 days following the second publication. The governing authority of the Issuer must approve the roll forward by a two-thirds vote of its total membership. Upon approval, the millage rate as rolled forward becomes the new maximum millage rate that may be levied by the Issuer. If the governing authority does not roll forward prior to the next reassessment year, the Issuer may not roll forward to compensate for the prior reassessment.

The Tax is subject to the Tax Rate Adjustment provisions of the Constitution and other statutory authority supplemental thereto as described herein.

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Tax Collections

The property taxes for 2014 are currently being collected by the City Finance Department. The recent trend in annual revenues of the Tax securing the Bonds, after deducting costs associated with the collection thereof and other required deductions (See “PROVISIONS RELATING TO THE SECURITY FOR THE BONDS - Deductions from Tax Collections” herein), including collections to date in 2014, follows:

<u>Calendar</u> <u>Year</u>	<u>Revenues</u>	<u>Mills Levied</u>
2005	\$18,044,684	9.71
2006	12,708,475	9.71
2007	15,917,356	9.71
2008	14,465,137	7.06*
2009	14,976,761	6.89
2010	16,202,021	7.06
2011	16,685,257	7.06
2012	17,946,392	7.06
2013	19,219,607	7.06
2014	19,524,249**	7.06

* *Mills decreased due to reappraisal. (See, e.g., “PROVISIONS RELATING TO THE SECURITY FOR THE BONDS - Tax Rate Adjustment” herein.)*

** *As of August 31, 2014.*

Source: The Issuer.

For more information regarding (i) the assessed value of property in the City and the *ad valorem* tax collection record of the City and (ii) current and historical assessed values, millage levies and tax collections of the City, see Appendix “B” herein.

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. A delinquent tax incurs a penalty of ten percent of the amount of the tax on the day such tax become delinquent (normally February 1). A delinquent tax accrues interest at a rate of one percent for each month or portion of a month the tax remains unpaid. Each April 1, 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. The additional 9½% represents payment to a private collection enterprise now contracted by the City. (See Chapter 5 of Subtitle III of Title 47 of the Louisiana Revised Statutes of 1950, as amended.)

Deductions from Tax Collections

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 body's 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 Section 47:1925.8 of the Louisiana Revised Statutes of 1950, as amended, 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 (2%) of the *ad valorem* taxes levied on property in the City and Orleans Parish. Further, the total amount of revenue received by the Assessor's Office shall never be less than that received by the former Board of Assessors for Orleans Parish in 2006. There are other deductions required by statute to benefit certain state and statewide pension systems.

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 Bonds are being sold through the Board of Liquidation, which also approves their issuance.

The Board of Liquidation is composed of nine members: the Mayor and the two City Councilmembers-at-large, who serve *ex officio*, and six members, referred to as the "syndicate" members, appointed in the manner hereinafter described. 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. Further information about the Board of Liquidation, its membership and financial data may be found on its website at <http://www.bolcd.com>.

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: 5/04/2014-5/06/2018)

Richard P. Wolfe, *Vice President*
Attorney
(Term: 1/20/05-12/31/2015)

Jason R. Williams, *ex officio*
Councilmember-at-large, City of New Orleans
(Term: 5/04/2014-5/06/2018)

Alan C. Arnold
Retired, Financial Services Executive
(Term: 12/18/2008-12/31/2019)

Stacy S. Head, *ex officio*
Councilmember-at-large, City of New Orleans
(Term: 5/04/2014-5/06/2018)

William Raymond Manning
Managing Principal, Manning Architects
(Term: 1/20/2011-12/31/2021)

Mary K. Zervigon, *President*
Attorney, Former Chairman of the Louisiana Tax
Commission
(Term: 2/02/14-12/31/2025)

Mark M. Moody
Lead Engineer, NASA Stennis Space Center
(Term: 1/20/2011-12/31/2017)

Henry F. O'Connor, Jr.
Attorney
(Term: 11/01/2012-12/31/2023)

SEWERAGE AND WATER BOARD OF NEW ORLEANS

The Board was created by Act 6 of the Louisiana Legislature of 1899 as a special board independent of the City government to construct, maintain and operate the Water System and the Sewerage System for the City. In 1903, the Legislature gave the Board control of and responsibility for the Drainage System. As affirmed by the decision of the Louisiana Supreme Court in *Roberts v. Sewerage and Water Board*, 634 So.2d 341 (La. 1994), the Board is "an autonomous or self-governing legal entity with respect to the management of its business or function of providing water, sewerage and drainage service to customers in Orleans and other parishes." As such, the Board is legally independent of the City of New Orleans, which has no control over the administration of its activities and finances, except the approval of the City Council and the Board of Liquidation in the case of bond issues and certain rate increases.

Board of Directors

The Board is governed by a board of directors composed of eleven members, including the Mayor, two members of the Board of Liquidation appointed by the Mayor on the recommendation of the Board of Liquidation, and eight citizens appointed by the Mayor with the advice and consent of the City Council from a list of nominees provided by a selection committee comprised of representatives of local universities and civic associations. Among the two members appointed from the Board of Liquidation and the eight citizen members, there must be one member from each councilmanic district within the City, and two must be "community advocates" with experience as a community advocate in consumer protection or a related field. In addition, each member must have experience in architecture, environmental qualify, finance, accounting, business, administration, laws, public health, urban planning facilities management, public administration, science, construction, business management, community or consumer advocacy or other pertinent fields. Members serve staggered initial terms and serve no more than two consecutive four-year terms. All members serve without pay.

The Mayor is the ex-officio President of the Board and one of the citizen members is elected by the Board to serve as president *pro tempore* in the absence of the Mayor.

The members of the Board are:

Mitchell J. Landrieu, President, *Mayor*
William Raymond Manning, President Pro-Tempore, *Managing Principal, Manning Architects*
Alan C. Arnold, *Retired Financial Services Executive*
Robin Barnes, *EVP, Greater New Orleans, Inc.*
Marion Bracy, *VP Facility Planning, Xavier University*
Tamika Duplessis, Ph.D., *Professor, Delgado Community College*
Scott Jacobs, *Insurance Executive, Strategic Comp.*
Kerri Kane, *Counsel, Irwin Fritchie Urquhart & Moore LLC*
Mark M. Moody, *Lead Engineer, NASA Space Center*
Joseph Peychaud, *President, St. Katharine Drexel Prep*
Kimberly Thomas, JD, *Project Manager, Jacobs/CSRS*

The term for each member of the Board began on May 22, 2014.

Organizational Structure

The Board appoints and fixes the salaries of the Executive Director, Deputy Director, General Superintendent, Deputy General Superintendent and Special Counsel, who hold office at the pleasure of the Board. The Executive Director exercises general administrative functions and managerial authority over the operations and activities of the Board. The Deputy Director assists and advises the Executive Director and is responsible for the accounting, budgeting, information systems, customer service, personnel, purchasing, risk management, internal audit, administrative services and support services department. The General Superintendent is responsible for the engineering, operations, facility maintenance, networks, environmental affairs and plumbing departments. The Deputy General Superintendent assists the General Superintendent.

A staff of approximately 1,044 oversees the water, sewerage and drainage systems. Prior to the Hurricane Katrina, the Board employed approximately 1,240 employees. Brief biographies of the Executive Director, Deputy Director and General Superintendent follow:

Cedric S. Grant, Executive Director (2014 to present). Cedric S. Grant is the new Executive Director of the Board. He is also the immediate past Deputy Mayor of Facilities, Infrastructure and Community Development for the City. In that role he oversaw more than \$1,000,000,000 in capital development projects related to the New Orleans recovery. Previously, Mr. Grant served as Chief Administrative Officer of Ascension Parish, Louisiana where he was responsible for management and oversight of all governmental operations for Ascension Parish. Mr. Grant also served as Deputy Secretary of the Louisiana Department of Transportation and Development, where he was responsible for the daily operations of the department, public-private partnerships and major economic development capital projects and managed a workforce of 5,000 people and a budget that exceeded \$1.4 billion annually. Mr. Grant has worked in several other distinct appointments in local government and public agencies. He has served as Chief Administrative Officer for the City, Director of Capital Projects for the New Orleans Downtown Development District, and Planning Manager for the Port of New Orleans. A New Orleans native, Mr. Grant is a certified City Manager and holds a Master's Degree in Public Administration from the University of New Orleans and a Bachelor's of Arts Degree in Political Science from Xavier University of Louisiana.

Robert K. Miller, Deputy Director (2014 to present). Robert Miller joined the Sewerage and Water Board of New Orleans in 2009 as Deputy Executive Director following 26 years at the Louisville Water Company where he served as Vice President and Treasurer and one year as a management consultant to the water and wastewater utility industry. He has a Bachelor of Commerce degree in finance from the University of Louisville, and a Master of Business Administration degree in finance from Indiana University. He is a member of the American Water Works Associations, where he was a QualServe peer reviewer, past chair of the Finance, Accounting and Management Controls committee, and past vice-chair of the Business Practices Standards committee.

Joseph R. Becker, General Superintendent (2008 to present). Joseph Becker has been an employee of the Sewerage and Water Board for 27 years and has served as General Superintendent since September 2008. He is a registered Civil and Environmental Engineer in the state of Louisiana and graduated with a Bachelor of Science degree in civil engineering from the University of New Orleans in 1985. Mr. Becker maintains DHH class IV certifications in Wastewater Collection and Water Distribution and is a member of the American Public Works Association, American Water Works Association and the American Society of Civil Engineers.

Employees and Labor Relations

The total number of authorized positions for the Board for Fiscal Year 2014 was 1,058. As of January 1, 2014, the Board had 1,025 full-time employees. The New Orleans Civil Service Commission established the employment policies for classified Sewerage and Water Board employees.

Some vacancies exist in a variety of the Board's departments, including in those departments that require highly educated and skill personnel. Immediately following Hurricane Katrina, the City Council suspended the Domicile Policy (which requires Board employees to be domiciled within the City of New Orleans) to aid the Board's efforts to fill open positions. The City Council, however, reinstated the Domicile Policy effective January 1, 2013. In the aftermath of the City Council's action to reinstate the Domicile Policy, hiring of certain technical-level positions at the Board has slowed. In an effort to curtail the effect of the reinstated Domicile Policy, the Board actively recruits at local college and university campuses, job fairs and trade schools.

A significant portion of the Board's leadership and employees are currently eligible to retire or will be within the next five years. Recognizing the importance of maintaining appropriate staffing levels and maintaining and promoting institutional knowledge, the 2014 budget includes 39 additional positions to increase staffing levels and allow for succession planning and knowledge transfer.

Retirement/Pension Plan; Other Postemployment Benefits ("OPEB") Liability

The Pension Trust Fund, established by the Board pursuant to Louisiana Revised Statutes § 11:3821, administers a defined benefit pension plan for all qualifying full-time employees of the Board. The Board maintains exclusive control over the pension plan through the Pension Committee of the Pension Trust Fund. The pension plan provides retirement, death and disability benefits to recipients. Such benefits vest at a minimum level, after ten years of service with the Board, and incrementally increase with each year of service beyond ten years. Employees are eligible to retire and begin receiving benefits at age 62. Annual benefits paid to retirees are adjusted

based on a cost-of-living adjustment based on the increase in the Consumer Price Index for all urban wage earners published by the U.S. Department of Labor; provided however, such adjustment may not exceed 2% on the first \$10,000 of initial retirement benefits paid out to a retiree.

In the year 2000, the Board attained full actuarial funding of its computed pension liability but, due to several plan changes (implemented in accordance with a pension reciprocity agreement with the City), the Board had an unfunded pension liability in the amount of \$20,333,385 on June 19, 2002. As of December 31, 2013, the Board's unfunded actuarial accrued pension liability increased to \$62,379,320. The pension funded ratio is 78.4%. As of December 31, 2013, the Board's OPEB liability totaled \$54,778,434. As part of its efforts to reduce its unfunded pension and OPEB liabilities, the Board has begun to evaluate employee contribution levels and the method by which it computed average compensation. The Board's Comprehensive Annual Financial Report for fiscal year 2013 contains additional information regarding the Board's pension and OPEB obligations.

Risk Management and Insurance

The Board operates a Risk Management Department with these responsibilities:

- i. Administration and claims handling functions for the Board's self-insured Workers' Compensation Benefit Fund;
- ii. Administration and claims handling function of the Board's self-insured general liability program;
- iii. Safety inspections, accident review and safety training for the Board employees;
- iv. Enterprise Risk Management throughout the Board, including the identification and recommendation of insurance to be purchased or renewed.

The Board maintains the following insurance coverages:

Coverage	Policy Limits	Deductible/Retention per Occurrence
Vehicle Physical Damage Comprehensive	\$18,942,139	\$250,000
Commercial Crime	\$1,000,000	\$5,000
Property Building/Contents incl. Terrorism	\$100,000,000	\$1,000,000
Mobile Equipment	\$6,568,829	\$1,000,000
Boiler & Machinery	\$25,000,000	\$1,000,000
Gross Earnings/Extra Expense	\$9,000,000	\$1,000,000
Automobile Liability	\$5,000,000	\$350,000
Flood	84 separate policies for individual properties up to \$500,000 per property	84 separate policies for individual properties \$10,000 per property
Public Officials/Employees Liability Insurance	\$10,000,000	\$250,000

THE DRAINAGE SYSTEM

General

The topography of the City presents unique design and operational challenges for the collection and transportation of storm water. The levee system was originally built to protect the City from the waters of the Mississippi River and Lake Pontchartrain; however, due to its topography, the City also retains any precipitation, making it vulnerable to flooding.

In 1896, the New Orleans Drainage Commission was formed to develop and implement a drainage master plan. Three years later, the Louisiana Legislature authorized the Sewerage and Water Board to furnish, construct, operate, and maintain a water treatment and distribution system and a sanitary sewerage system for the City. In 1903, the Drainage Commission and the Sewerage and Water Board merged, consolidating drainage, water, and sewerage programs under the umbrella of one agency for more efficient operations.

Description of Drainage System

The Board's Drainage network is comprised of approximately 100 miles of open canals and an additional 90 miles of sub-surface canals. The Drainage System (the "Drainage System") includes 24 drainage pumping stations, with the capacity to pump over 33 billion gallons of wastewater per day, and a flow rate of over 50,891 cubic feet per second, rivaling the flow rate of the Ohio River, the nation's fifth largest river. The pumps are powered by a power plant located in the City's Carrollton area, which the Board plans to modernize and fully renovate within the next three years, pending the finalization of funding.

These pumping stations divert the majority of rainwater into Lake Pontchartrain with the exception of two (2) pumping stations on the Westbank of Orleans Parish, and two (2) pumping stations in eastern New Orleans; these divert rainwater into either the Intracoastal Waterway or Industrial Canal. These pumps are checked daily, with continuous monitoring by field personnel during rain events.

When responding to certain weather events, crews from the Operations Department communicate with other stations and senior management to remain informed on weather activity around the City. They also monitor canal water levels while staying apprised of the weather forecast through a direct tie to the National Weather Service Radar System.

Drainage System Revenue

In addition to the revenues of the Tax after the payment of debt service due on the Bonds, the primary sources of revenue available to operate the Drainage System and to fund other obligations are derived from (i) an ad valorem tax of 4.66 mills, which is due to expire following calendar year 2016 and which produced revenue of \$12,686,028 in calendar year 2013, and (ii) an ad valorem tax of 4.71 mills, which is due to expire following calendar year 2027 and which produced revenue of \$12,821,952 in calendar year 2013.

None of the revenue of the taxes described in parts (i) and (ii) of the preceding paragraph form any part of the security for the repayment of the Bonds, and owners of the Bonds will have no claim on the revenues thereof.

SELA Drainage Program

Prompted by the severity of damages associated with rainfall flooding in southeast Louisiana, local officials in Orleans, Jefferson, and St. Tammany Parishes requested Federal assistance in developing and implementing solutions to the flooding problem.

Following a disastrous flood in May 1995, the United States Congress authorized the design and construction of the Southeast Louisiana Drainage Project (“SELA”) in Section 108 of the fiscal year 1996 Energy and Water Development Appropriations Act, and Section 533 of the Water Resources Development Act (WRDA) of 1996. SELA is administered under a project cooperation agreement between the Board and the U.S. Army Corps of Engineers. The Louisiana Coastal Protection Authority is a partnering agency.

SELA’s principal objective is to improve the drainage system within the tri-parish area through the design and construction of numerous individual project components. The Project Cooperation Agreement executed by the Board in January 1997 requires that the Federal government provide 75% of the total project cost of the SELA projects in Orleans Parish and that the Board provide 25%.

In the years immediately preceding Hurricane Katrina, the Federal funding level did not support the start of projects that had been approved as SELA projects within the Parish. In the aftermath of Hurricane Katrina, Congress appropriated \$224.8 million to accelerate the completion of SELA. This appropriation was 100% federally funded; however, because of the increased construction cost in southeast Louisiana as the region continued to rebuild from Hurricane Katrina, the appropriation was not enough to fund the remaining project components of SELA. Subsequently, in 2008 Congress appropriated an additional \$1.3 billion for SELA projects, which are to be cost shared at 65% Federal and 35% local with payback via a 30-year plan. See “Cooperative Endeavor Agreement” below.

Additional information about SELA and its construction projects can be found at the following site: www.swbnosela.com/HomePage/Default.aspx.

Cooperative Endeavor Agreement

The State of Louisiana Coastal Protection and Restoration Authority (“CPRA”) entered into a Project Partnership Agreement with the Department of the Army on January 16, 2009 (the “PPA”) to govern the responsibilities of the federal, state and local entities with respect to SELA. CPRA was the recognized “non-federal sponsor” for SELA and therefore the only state or local party to the PPA. Consequently, the Board entered into a corresponding Cooperative Endeavor Agreement (the “CEA”) with CPRA and Jefferson Parish, Louisiana to apportion the duties and responsibilities of the parties regarding the funding, development, operation and maintenance of SELA.

Under the CEA, the Board is responsible for providing funds required to meet the cost-share obligations of CPRA under the PPA. The Board estimates that annual payments will total not more than approximately \$8,900,000 each fiscal year beginning not sooner than fiscal year 2016. The Board's obligations under the CEA are not secured by the revenues of the Tax, and the parties to neither the CEA nor the PPA may assert a claim on the revenues of the Tax prior to that of the owners of the Bonds.

THE CITY

City Government

The City was founded in 1718, incorporated in 1805, and with a population of 369,250, is the largest populated city in the State. The City's system of government is established in its Home Rule Charter (the "Charter"). The Louisiana Constitution prohibits the 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. In addition to the Board and the Board of Liquidation, these entities include the Orleans Parish School Board, which is responsible for elementary and secondary education in the City, the New Orleans Aviation Board (the "Aviation Board"), which operates the Louis Armstrong International Airport (the "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" herein).

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.

The names of the members of the City Council, as well as the Mayor and other City officials, appear at the beginning of this Official Statement. Further information regarding the City, including its financial management and budgeting practices, is included in Appendix “B” attached hereto.

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.

Long-Term Debt

The details of the long-term debt of the City are presented in the Debt Statement attached as Appendix “E” hereto, and a summary thereof is included under the caption “Trend of Indebtedness” below.

Information regarding the long-term debt of the City is provided for informational purposes only. The Bonds are not general obligations of the City, and the City may only use the revenues of the Tax *first* for the payment of debt service on the Bonds and any Parity Bonds *and thereafter* only for the purposes authorized by the Act. The revenues of the Tax do not form any part of the security of any other long-term debt of the City currently outstanding.

Trend of Indebtedness

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

<u>Year</u>	<u>General Obligation Bonds</u>	<u>Limited Tax Bonds of the City</u>	<u>General Fund Indebtedness</u>	<u>City Total</u>	<u>Limited Tax Bonds of City Agencies</u>
2004	\$499,852,183	\$ 81,824,000	\$237,005,000	\$818,681,183	\$77,898,572
2005	493,683,176	105,340,000	227,345,000	826,368,176	74,108,572
2006	478,419,936	97,635,000	214,805,000	790,859,936	70,633,572
2007	538,514,462	88,795,000	200,155,000	827,464,462	64,338,572
2008	523,955,533	80,650,000	185,375,000	789,980,533	63,213,572
2009	548,018,709	72,620,000	167,330,000	787,968,709	59,248,572
2010	529,218,992	63,360,000	148,490,000	741,068,992	55,118,572
2011	509,543,556	55,690,000	140,990,000	706,223,556	56,335,000
2012*	470,076,614	242,990,000	8,535,000	721,601,614	51,875,000
2013	488,588,192	228,570,000	7,815,000	724,973,192	47,140,000

*In 2012, the City refunded \$125,155,000 of general fund indebtedness through the issuance of its Series 2012 Refunding Bonds, which are included as Limited Tax Bonds of the City.

Sources: 2013 Annual Financial Report; Board of Liquidation, City Debt.

INVESTMENT CONSIDERATIONS

General

The purchase of the Bonds involves certain investment risks which are discussed throughout this Official Statement, and each prospective investor should make an independent evaluation of all information presented in this Official Statement in order to make an informed investment decision. Particular attention should be given to the factors described below which, among others, could affect the payment of debt service on the Bonds.

THE BONDS INVOLVE A 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 ISSUER 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.

Limited Obligations

The Bonds shall not be or constitute general obligations or indebtedness of the Issuer within the Constitution, but shall be payable solely from and secured by a lien upon and a pledge of the revenues of the Tax. No bondholder shall ever have the right to compel the exercise of *ad valorem* taxing power of the Issuer or taxation in any form on any real or personal property (other than the collection of the Tax) to pay the Bonds or interest thereon, nor shall any bondholder be entitled to the payment of such principal and interest from any other funds of the Issuer other than the revenues of the Tax in the manner and to the extent provided in the Bond Resolution. In addition, no recourse shall be had for the payment of the principal or interest on the Bonds or for any claim based thereon or the Bond Resolution against any member of the Governing Authority as defined herein or officer of the Issuer or any person executing the Bonds. Therefore, the security for the punctual payment of the principal of and interest on the Bonds is dependent on the availability of revenues of the Tax in an amount sufficient to meet the debt service requirements of the Bonds and additional obligations.

Future Changes in Laws

Various state and federal laws, constitutional provisions, and regulations apply to the obligations created by the issuance of the Bonds. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the Issuer and the imposition of charges or fees, or the collection and expenditure of revenues of the Tax.

Bankruptcy; Difficulties in Enforcing Remedies

The remedies available to the owners of the Bonds upon an event of default under the Bond Resolution are in many respects dependent upon judicial actions which may be subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions,

including specifically in the United States Bankruptcy Code, 11 U.S.C. §101 et seq. (the “Bankruptcy Code”), the remedies provided in the Bond Resolution may not be readily available or may be limited. The various legal opinions delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by general principles of equity and by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting the rights of creditors generally.

The enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the Issuer in issuing the Bonds, are subject to the Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect to the extent constitutionally applicable; equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the exercise of the sovereign police powers of the State or its governmental bodies. Consistent with the Contracts Clauses of the Louisiana and United States Constitutions, in a bankruptcy proceeding or due to the exercise of powers by the federal or State government, bondowners could be subject to judicial discretion and the interpretation of their rights in bankruptcy or otherwise, which consequently may entail risks of delay, limitation, or modification of their rights. Under current State law, no political subdivision of the State, including the Issuer, may file for protection under Chapter 9 of the Bankruptcy Code unless such filing is approved by the Louisiana State Bond Commission and the Governor and Attorney General of the State. Further, no political subdivision of the State, after filing for bankruptcy protection, may carry out a plan of readjustment of debts approved by the bankruptcy court until such plan is approved by the Louisiana State Bond Commission and the Governor and Attorney General of the State.

The obligations of the Issuer under the Bond Resolution may be secured on a parity with other obligations of the Issuer so that any proceeds that might be derived from the exercise of remedies would be required to be shared among the owners of the Bonds and the holders of any additional parity bonds.

For the foregoing reasons, in a bankruptcy context, the pledge of the revenues of the Tax of the Drainage System by the Issuer and the Board to secure the obligations with respect to the Bonds may be ineffective as to certain revenues or under certain circumstances.

Drainage System Revenues

In addition to the Drainage System, the Board also operates a Water System and a Sewer System. Each system has its own source of revenue, and the Board operates each system as a distinct business enterprise; however, certain administrative expenses are allocated among the systems for accounting purposes. The Board may transfer revenues of the Drainage System to either of the Water System and/or the Sewerage System; provided, however, that any such transfer may be made (i) only after the payment of debt service on any bonds or other obligations (including the Bonds) secured by such revenues, and (ii) only to the extent such transfer is then permitted by applicable law. The Board also has no obligation to transfer revenues of the Water System or Sewer System to the Drainage System to assist in the payment of debt service on the Bonds or the operations of the Drainage System.

Hurricanes

The damage from floodwaters following the failure of the federal levee system during Hurricane Katrina 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 nine years after the storm, the City is showing strong and continuing signs of economic recovery: New Orleans has now regained 82% of its 2004 population; visitor spending in 2013 exceeded pre-Katrina levels; New Orleans was second amongst largest cities in population growth rate, according to the US Census Bureau; and the City has averaged a yearly growth rate of 4.5% since 2009.

To assist local political subdivisions including the Board 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. The Board continued to make the required debt service payments on its indebtedness, due in part to loans from the State of Louisiana. In the event of another such disaster, there can be no assurance that such borrowing programs would again be made available to the City, the Board or the Board of Liquidation, and another such disaster could negatively impact the revenues of the Tax received by the Board of Liquidation and its ability to pay debt service on the Bonds.

Financial Information

Certain financial information relating to the Issuer is set forth or referenced herein and in the Appendices hereto. There can be no assurance that the financial results achieved by the Issuer in the future (including, but not limited to, the amount of revenues of the Tax collected by the Issuer) will be similar to historical results. Such future results will vary from historical results and actual variations may be material.

Secondary Market

There is no guarantee that a secondary trading market will develop for the Bonds. Consequently, prospective bond purchasers should be prepared to hold their Bonds to maturity or prior redemption. Subject to applicable securities laws and prevailing market conditions, the Underwriter (hereinafter defined) intends, but is not obligated, to make a market in the Bonds. As a result, Owners of the Bonds may be unable to dispose of the Bonds should they no longer desire to own the Bonds. The Underwriter cannot guaranty the liquidity of the Bonds; consequently, prospective purchasers of the Bonds should be prepared to hold such bonds until maturity.

If such secondary market exists after the issuance of the Bonds, events such as decreases in benchmark interest rate indices, downward revisions or withdrawals of ratings on the Bonds or the Issuer, and general market turmoil, among others, may adversely affect the value of the Bonds on such secondary market. The Underwriter cannot guaranty that the owner of a Bond will not experience a loss of value of such Bond prior to maturity.

Failure to Provide Ongoing Disclosure

The failure of the Issuer to comply with the continuing disclosure certificate described herein may adversely affect the transferability and liquidity of the Bonds and their market price. See “CONTINUING DISCLOSURE” herein.

Book-Entry

Persons who purchase Bonds through DTC Participants become creditors of the DTC Participant with respect to the Bonds. Records of the investors’ holdings are maintained only by the DTC Participant and the investor. In the event of the insolvency of the DTC Participant, the investor would be required to look to the DTC Participant’s estate and to any insurance maintained by the DTC Participant, to make good the investor’s loss. Neither the Issuer nor the Underwriter are responsible for failures to act by, or insolvencies of, the Securities Depository or any DTC Participant. See “APPENDIX I - BOOK-ENTRY ONLY SYSTEM” herein.

TAX EXEMPTION

Interest on Bonds

The delivery of the Bonds is subject to the opinion of Foley & Judell, L.L.P., Bond Counsel, New Orleans, Louisiana and Auzenne & Associates, L.L.C., New Orleans, Louisiana, Co-Bond Counsel, to the effect that the interest on the 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; it should be noted, however, for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining adjusted current earnings (See Appendix “G”).

State Taxes

The opinion of Co-Bond Counsel will state that under the provisions of Chapter 1 of Title 47 of the Louisiana Revised Statutes of 1950, as amended, interest on the Bonds owned by corporations or residents of the State of Louisiana is exempt from Louisiana state income taxation to the extent such interest is exempt from federal income taxation.

Alternative Minimum Tax Consideration

Except as hereinafter described, interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax on individuals and corporations. The Internal Revenue Code of 1986, as amended (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.”

General

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 Bonds for federal income tax purposes and, in addition, will rely on representations by the Issuer with respect to matters solely within the knowledge of the Issuer, which Co-Bond Counsel has not independently verified. If the Issuer 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 Bonds could become included in gross income from the date of original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Owners of the Bonds should be aware that (i) the ownership of tax-exempt obligations, such as the 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 Bonds or the receipt of interest on the Bonds. Furthermore, future laws and/or regulations enacted by federal, state or local authorities may affect certain owners of the Bonds. All prospective purchasers of the 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 Bonds may have on their particular financial situation.

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.

Tax Treatment of Original Issue Premium

The Bonds maturing December 1, 2014 to December 1, 2020, inclusive (the “Premium Bonds”), are being offered and sold to the public at prices in excess of their stated principal amounts.

Such excess is characterized as a “bond premium” and must be amortized by an investor purchasing the Premium Bonds on a constant yield basis over the remaining term of the Premium Bonds 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 Bonds. Investors who purchase Premium Bonds should consult their own tax advisors regarding the amortization of bond premium and its effect on the Premium Bonds’ basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Premium Bonds.

Tax Treatment of Original Issue Discount

The Bonds maturing December 1, 2021 and December 1, 2022 (the “OID Bonds”), are sold to their original owners at a discount. The difference between the initial public offering prices and their stated amounts constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes and which is exempt from all present State taxation subject to the caveats and provisions described herein.

Owners of OID Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of original issue discount accrued with respect to such OID Bonds as of any date, including the date of disposition of an OID Bond and with respect to the state and local consequences of owning OID Bonds.

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. In addition, such legislation (whether currently proposed, proposed in the future or enacted) could affect the market value or marketability of the Bonds. For example, on going negotiations between the Executive and Legislative Branches of the United States government to resolve federal budget conflicts may result in the enactment of tax legislation that could significantly reduce the benefit of, or otherwise affect, the exclusion of gross income for federal income tax of interest on all state and local obligations, including the Bonds. It cannot be predicted whether or in what form any such proposals might be enacted or whether if enacted such proposals 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. Prospective purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation.

The opinions expressed by Co-Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Co-Bond Counsel have expressed no opinion as of any date subsequent thereto or with respect to any pending or proposed federal or state tax legislation, regulations or litigation.

THE FOREGOING DISCUSSION OF CERTAIN FEDERAL AND STATE INCOME TAX CONSEQUENCES IS PROVIDED FOR GENERAL INFORMATION ONLY. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES TO THEM IN LIGHT OF THEIR OWN PARTICULAR INCOME TAX POSITION, OF ACQUIRING, HOLDING OR DISPOSING OF THE BONDS.

FINANCIAL ADVISORS

This Official Statement has been prepared under the direction of the Issuer and with the assistance of Public Financial Management, Inc., Memphis, Tennessee, and CLB Porter, LLC, New Orleans, Louisiana, who have been employed by the Issuer to perform professional services in the capacity of financial advisor (the "Co-Financial Advisors"). The Co-Financial Advisors have reviewed and commented on certain legal documentation, including the Official Statement. The Co-Financial Advisors have not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other information available to the Issuer, 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 Co-Financial Advisors respecting such accuracy and completeness of information or any other matter related to such information and the Official Statement.

LITIGATION AFFECTING THE CITY

Like all political subdivisions in Louisiana, the City may sue and be sued in its official capacity for a variety of causes. The following narrative summarizes the major litigation threatened and or filed affecting the financial position of the City at this time:

New Orleans Firefighters Local No. 632, et al v. The City of New Orleans, et al, Civil District Court 95-14225:

This original suit, filed on July 14, 1981 as a class action by the New Orleans Firefighters Union and individual employees of the New Orleans Fire Department ("NOFD"), asserted a claim that the City's implementation of the New Orleans Civil Service Commission's annual leave policy, which limited the amount of unused annual leave that could be accrued and carried over into subsequent years, was an unconstitutional "taking of property" in violation of Article 1, Sections 2 and 4 of the 1974 Louisiana Constitution. Plaintiffs sought back pay and "all other damages" arising from the alleged unconstitutional "taking" of excess unused annual leave days and injunctive relief enjoining the City from denying the plaintiffs the use of accrued annual leave beyond the City-imposed limit (then 90 days).

The plaintiffs amended their petition on April 24, 1985, adding the Director of Personnel and the Civil Service Commission as defendants and asserting a second cause of action claiming that the limitation on accumulation of unused leave by the City and the Civil Service Commission also violated La. Rev. Stat. 33:1996. Specifically, the plaintiffs alleged that the City's cap on accrued annual leave resulted in a prohibited "forfeiture" of the vacation benefits provided by the statute.

On March 2, 1993, some twelve years after the original suit was filed, the plaintiffs filed a second amended petition to add two new causes of action to the original claim; specifically, that (1) the City policy establishing a lesser accrual rate for annual leave privileges and the forfeiture of accumulated annual leave benefits violated La. R.S. 33:1996 by providing less "vacation and annual leave privileges" than that mandated by the statute, and (2) the City's Civil Service Commission Rules, which provided for a different schedule of longevity pay increases than that mandated by La. R.S. 33:1992(B), violated that statute.

This case has been litigated for over 30 years. There are a number of issues remaining, all concerning the amount of damages that are owed. The issues concern how much annual leave is owed to active and retired members, how much in longevity is owed on millage collected and paid to the firefighters, how much in back pay is owed to active and retired firefighters and how much in DROP and PLOP benefits are owed to retirees. The City is engaged in settlement negotiations presently to resolve this matter and estimates liability between \$56 million and \$150 million.

John Johnson, et al v. Orleans Parish School Board, et al, Civil District Court No: 1993-14333, C/W 1994-5446, C/W 1994-12996, C/W 1995-13271:

Residents of houses built on the former Agriculture Street Landfill brought class action against the City, its housing authority (HANO), school board (Orleans Parish School Board), and liability insurers to recover for negligence in converting the municipal landfill into a residential area. The class included current and former business owners, employees and students of elementary schools (estimated at over 7,000 claimants).

The City was in litigation with the United States with respect to certain clean-up costs associated with the Agriculture Street Landfill. Following Hurricane Katrina, the United States dropped its demand for monetary damages, and settlement negotiations resulted in operational commitments only. A consent decree was entered into on September 9, 2009 on terms that require no financial obligations of the City.

The first trial of nine (9) plaintiffs involving the Agriculture Street Landfill occurred in 2005. The court held the City 50% liable and in solido and in virile share with the HANO and HANO's former insurers: National Union Fire Insurance Company of Pittsburg, PA, Republic Insurance Company, Louisiana Insurance Guaranty Association as successor in interest to Southern American Insurance Company, and United States Fire Insurance Company. The 4th Circuit Court of Appeals affirmed the percentage of fault, but reduced all emotional distress awards by one-half. On April 8, 2010 the co-defendants obtained a judgment in the amount of \$529,935.41 plus interests against the City for its virile share of the January 12, 2006 class-action Judgment (National Union Fire Insurance Company of Pittsburgh, PA, Et AL. v. the City of New Orleans, USDC # 09-6598). This judgment has been placed on the City's Unpaid Settlement/Judgment List.

In 2011, the trial court scheduled trials for the next seventy six (76) plaintiffs. The 76 Plaintiffs' first flight trials were continued without date pending pre-trial motions, writs and appeals to the Fourth Circuit and Supreme Court. In 2011, the plaintiffs made a demand on the defendants for approximately \$96,000,000.00 not including judicial interest. In late 2012 the Supreme Court affirmed the appointment of Retired Judge Nadine Ramsey to preside over the case.

The insurance coverage issues were remanded back to trial court. Several trials on the issue of insurance were set and continued pending co-defendants' settlement negotiations with petitioners in 2013.

Of the original 76 first flight plaintiffs set for trial, 61 went to a non-jury trial beginning on March 13, 2013 and ending on April 29, 2013. The court issued its first Judgment on September 6, 2013. After several motions the court issued an amended order on November 4, 2013. The total awards for the sixty one (61) plaintiffs is \$ 1,431,520.00 plus judicial interests from August 31, 1993 until paid, with 50% liability to the City of New Orleans in solido and in virile share with the HANO and HANO's former insurers. The court also ordered that the defendants are each liable for a fourth of the plaintiffs' costs and expenses for the trial.

National Union Fire Insurance Company of Pittsburgh, Pa, and United States Fire Insurance Company settled with the plaintiffs and a Class Action Fairness Hearing is scheduled for October 2014, leaving the City of New Orleans and HANO as the remaining defendants. The City estimates the financial impact could range from \$38,000,000.00 upwards plus interest.

Dorthea Walker, et al v. Amid/Metro, et al, Civil District Court No. 07-14795 Div. H, Class Action:

This matter relates to the taking of private citizens' land over the course of several decades to operate the Gentilly Landfill. On March 21-22, 2011, a hearing on plaintiffs' Motion for Class Certification and Appointment of Class Representatives and Counsel ("Motion") was held in the above-referenced matter. On August 24, 2011, Judge Bagneris granted plaintiffs' Motion. Since that time, defendants appealed the Court's certification of the class, which the 4th Circuit upheld. The potential exposure to the City could range between \$2,326,281.90 and \$11,419,979.60. The parties, however, are actively engaged in settlement discussions, and it is anticipated that this matter will be settled before the end of the year, with the City's exposure being less than \$2,000,000.00 dollars.

Bartholomew/Holmes/Madison/Johnson, United States District Court 2006-5695:

These consolidated cases involve the three cases brought by the above families seeking compensation for the deaths and injuries that occurred on the Danziger Bridge in New Orleans in the aftermath of Hurricane Katrina. The Madison family seeks to recover for the alleged wrongful death of Ronald Madison. The Holmes/Bartholomew families seek to recover for the injuries allegedly sustained as a result of gunshot wounds. Potential liability is difficult to predict, but the City estimates that it could equal or exceed \$10 million.

Succession of Henry Glover/Varise/Colloway, et al v. City of New Orleans, et al, United States District Court 2010-1719:

These three cases (which have yet to be consolidated, but likely will be) arise out of the death of Mr. Glover in Algiers after Hurricane Katrina. The plaintiffs allege that Mr. Glover was wrongfully shot and killed by a former NOPD Officer who then conspired with numerous other officers to cover up the facts of the shooting. There have been numerous federal indictments arising out of the case, which remain open and pending. In all likelihood, the civil case will be stayed pending resolution of the criminal charges. The City estimates that potential liability could exceed \$50,000,000.00.

FOP v. City of New Orleans, Civil District Court 80-7924:

This is a class action lawsuit by police officers for millage payments for the years 1980-2003, that allegedly should have been used for police protection rather than paid into the general fund. There is a prior judgment for \$3,376,740.00 for failure to pay a portion of the 1928 millage dedicated to a supplemental pay for police officers from 1979 to 1994, which has been placed on the City's Unpaid Settlement/Judgment List. Currently, litigation is pending for other years and is in discovery mode. The City estimates that potential liability could exceed \$5 million.

New Orleans Fire Fighters Pension and Relief Fund; William M. Carrouche; Richard J. Hampton, Jr.; Nicholas G. Felton v. City of New Orleans et al, Civil District Court 12-7061:

On July 19, 2012, the New Orleans Firefighters' Pension and Relief Fund ("NOFF") filed a Petition for Writ of Mandamus. The Petition prayed that a writ of mandamus issue against the City, directing the City to budget and fully fund the Annual Required Contribution of \$29,424,359 for the fiscal year ending December 31, 2012, by appropriating \$17,524,359 and paying this amount to the firefighters' pension fund ("the Fund").

It is the City's position that NOFF has improperly sought a writ of mandamus to compel the City to appropriate funds in the amount of \$17,524,359. This matter was heard before Judge Robin Giarusso on January 7 and 8, 2013. On March 28, 2013, Judge Giarusso ruled that the mandamus would issue, and that the City was required to make the \$17,524,309 contribution to the Fund.

The City appealed Judge Giarusso's order to the Louisiana Fourth Circuit Court of Appeals. The parties attended oral argument on September 10, 2013. The Fourth Circuit upheld the trial court's ruling. The Louisiana Supreme Court denied writs. The matter is now pending in the U.S. Supreme Court. In addition to appealing the mandamus action, the City has also filed a reconventional demand against NOFF, which Judge Giarrusso dismissed. The dismissal of the City's reconventional demand is also being appealed and is pending before the Louisiana Fourth Circuit Court of Appeal.

The Firefighters filed an amended petition seeking \$ 75,904,229.00 for fiscal years 2012-2014. The parties are engaged in settlement discussions related to all amounts.

Stuart Smith, et al v. City of New Orleans, et al (Parking Meters) Civil District Court, Civil Action No. 05-5453, Div. B, Sec. 15:

The Fourth Circuit upheld the Civil District Court's decision against the City regarding the installation of "parking meters" without first amending the ordinance relative to parking enforcement. The result is that the City will be liable to persons who received parking tickets from the new parking meters between July 14, 2005 and August 8, 2005.

In early 2005, the City altered the method of payment from the traditional coin-operated meters to the Parkeon System pay stations (the Green pay stations presently in place). The City transitioned to the Parkeon System without amending the relevant ordinance. On August 8, 2005, the City passed M.C.S., Ord. No. 22035 (the Ordinance), which effectively (1) ratified the use of the Parkeon System, and (2) provided for the enforcement of citations issued pursuant to their operation as of July 14, 2005.

Plaintiffs filed suit alleging that the Ordinance violated ex post facto laws and could not be applied retroactively. The District Court found that there was a substantive change in the Ordinance and therefore does not apply retroactively. The district court further held that the Ordinance has an ex post facto effect.

On July 6, 2011, the Fourth Circuit rendered an opinion affirming the ruling of the District Court, holding that the Ordinance does not apply retroactively and is to be applied prospectively only beginning on August 8, 2005. The Court agreed with the District Court that the installation and implementation of the Parkeon System pay stations in January 2005 changed the parking meter system through the City. Therefore, citizens were entitled to notice that the Parkeon System pay stations were being used to issue citations in lieu of the coin-operated meters. The Court also found that because the Ordinance is civil, not criminal, it does not offend the prohibition against ex post facto laws. The only issues remaining before the Court are (1) class certification (determining who was issued tickets between July 14, 2005 and August 8, 2005) and (2) damages.

As the City has already been found to be liable, the only issue left is the amount of damages. The total amount of fines that were collectable for citations issued from Parkeon System pay stations from January through August 2005 was \$1,156,803.00. The total amount paid to date is \$731,589.00; therefore, the amount of damages owed by the City is likely between \$731,589.00 and \$1,156,803.00.

On February 20, 2013, the district court issued a judgment and written reasons for judgment, granting class certification in this matter. The City and ACS appealed the class certification judgment to the 4th Circuit Court of Appeal. The case was orally argued on October 28, 2013. The 4th Circuit affirmed the district court's ruling and remanded the case back to the district court. The City and ACS filed a partial motion for summary judgment which has been continued without date until after the notice of the class is issued.

Tyralyn Harris, et al v. NOPD, et al, United States District Court No. 11-752 and CDC No. 13-03083:

Plaintiffs filed a wrongful death and survival action alleging constitutional violations for the death of Brian Harris. Plaintiffs allege the NOPD used excessive force when they used a Taser and shot Harris. Harris was armed with a knife, threatened suicide and refused to comply with the Officers' orders to drop the knife at the time of his death. Plaintiffs sought \$3,000,000.00 in damages. The City filed a motion for summary judgment seeking dismissal of the case, and the City's motion was granted. Plaintiffs appealed the dismissal of the lawsuit to the U.S. Fifth Circuit Court of Appeal, and the trial court's ruling was upheld. The matter is now pending before the U.S. Supreme Court. The Plaintiffs also filed a related lawsuit in Civil District Court.

Earl and Justin Sipp v. Former NOPD Officer Jason Giroir et al, USDC 13-360

On March 1, 2012, brothers Earl and Justin Sipp engaged in a shootout with two City police officers behind a Burger King in Mid-City. The officers were conducting a traffic stop of the two brothers when the brothers began shooting at the officers. The officers suffered severe injuries, and Justin Sipp was killed in the cross fire. A lawsuit has been filed by the family members. If the officers' actions are found to constitute excessive force, then the City estimates the potential liability could be substantial and well over \$1,000,000.00.

NaTasha Allen, et al v. CNO, et al, USDC No. 13-0422

On March 7, 2012 police executed a search warrant for narcotics at the home of Wendal Allen (17 yrs. old), who was shot and killed by Officer Joshua Colclough during the execution of the warrant by a City police officer. Allen was not in possession of a firearm or any other weapon at the time of the shooting. The family of Allen filed suit against the City and Officer Colclough in federal court alleging excessive force and other violations under Section 1983. Colclough pled guilty to manslaughter for the death of Allen and is currently serving four (4) years in prison. If the City is found to be liable for Colclough's actions, then the potential liability could be substantial and well over \$1,000,000.00.

United States Of America V. City Of New Orleans USDC 12-1924 (NOPD CONSENT DECREE)

The U.S. Department of Justice filed a lawsuit against the City alleging that the New Orleans Police Department was engaging in practices of unconstitutional policing. After much litigation, the U.S. District Court for the Eastern District of Louisiana, Judge Susie Morgan, entered a Consent Decree on January 11, 2013 resolving the lawsuit. The City moved to vacate the Court's order, which motion was denied. The City appealed the order to the U.S. Fifth Circuit Court of Appeal, and the City's appeal was denied. Accordingly, the Consent Decree became effective on August 9, 2013. The Consent Decree monitor was approved to begin work, and the monitor estimates a total maximum cost of \$8.5 million over the term of the Consent Decree for its services. This amount is included in the \$55 million the City estimates will be necessary to implement the Consent Decree over a 5 year period.

LaShawn Jones, et al v. Marlin Gusman, et al USDC # 12-0859 (OPP Consent Decree)

The U.S. Department of Justice (DOJ) intervened in this lawsuit filed by Plaintiff inmates at Orleans Parish Prison alleging unconstitutional conditions at the jail. The Plaintiffs, the Sheriff, Marlin Gusman, and the DOJ executed a Consent Decree to settle the lawsuit. The Sheriff filed a Third Party Demand against the City alleging that any additional amounts to pay to implement the Consent Decree must be funded by the City. After extensive litigation, the City and the Sheriff entered into an agreement to settle the Sheriff's Third Party claim as to funding until the end of 2013. In that agreement, the City agreed to pay the Sheriff \$1,888,652.07 in 2013. In 2014, the City has paid an additional \$5.4 million above what was budgeted to the Sheriff in 2013 pursuant to various court orders related to the Sheriff's operations. The Sheriff also is negotiating a contract with a healthcare vendor, which is projected to cost \$ 8-12 million per year. The Court, however, will retain jurisdiction over any disputes related to funding. In the budget process, the Sheriff has continued to request additional funding and it is expected that he will request additional funds for 2015.

Mani Agrawal Et Al V. City Of New Orleans Et Al, Cdc # 2010-6014

On December 12, 2009 at 7:15 pm plaintiffs, deceased Dr. Krishna Agrawal and his wife Mani Agrawal, were driving to a Christmas party. There was torrential rain during the day resulting in flooding in the area. Plaintiff apparently attempted to take an alternative route driving down Marr St. in Algiers and unfortunately, he failed to make a turn to the left or to the right on Donner St. and drove into the Donner Canal. Mr. Agrawal saved his wife but drowned. The plaintiffs allege that the City failed to place dead -end signs, and barriers to warn the public of the dead end.

The City brought the Board as a third party defendant into the lawsuit. There are wrongful and survival claims made in the lawsuit, with an estimated potential liability of \$ 1,000,000.00 to \$2,500,000.00.

Corey Groves v. City of New Orleans, et al USDC #: 95-3309 STAYED

This case involves the murder of Kim Groves at the behest of former NOPD Officer Len Davis. The case has been stayed for nearly 15 years pending Davis' appeals of his conviction. The case is now nearing ready to proceed. The case has an estimated potential liability of \$5,000,000.00.

Darrin Hill V. City of New Orleans, et al Usdc#13-2463

Plaintiff was found not guilty by reason of insanity of rape and spent 20 years in a mental institute and was then cleared of the crime by DNA. He has filed suit against the City and numerous police officers alleging a 1983 claim, false arrest, etc. The case has an estimated potential liability of \$ 1,000,000.00.

THE LITIGATION INFORMATION RELATING TO THE CITY IS PROVIDED FOR GENERAL INFORMATION PURPOSES. THE ABOVE LITIGATION DOES NOT AFFECT THE SECURITY FOR THE BONDS, AND ANY JUDGMENT CREDITOR OF THE CITY CANNOT ASSERT A CLAIM TO THE REVENUES OF THE TAX PRIOR TO THAT OF THE OWNERS OF 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 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 opinion is based on existing law, which is subject to change. Such opinion is 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 opinion 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 opinion is not a guarantee of a particular result and is not binding on third parties, the courts or regulatory bodies; rather, such opinion represents 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 opinion.

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 "G" to this Official Statement. For additional information regarding the opinion of Co-Bond Counsel, see the section titled "TAX MATTERS." The compensation of Co-Bond Counsel is contingent upon the sale and delivery of the Bonds.

Certain legal matters will be passed upon for the Underwriters by Squire Patton Boggs (US) LLP, Cleveland, Ohio, and McKee Law Firm, L.L.C., New Orleans, Louisiana, Co-Underwriters' Counsel. Certain legal matters will be passed upon or the Board of Liquidation by Beirne, Maynard & Parsons, L.L.P., New Orleans, Louisiana.

FINANCIAL STATEMENTS

The audited financial statements of the Board of Liquidation for the year ended December 31, 2013, are included in Appendix "C" to this Official Statement and have been audited by Postlethwaite & Netterville, APAC, as stated in their report dated as of June 27, 2014. The audited financial statements pertaining to the Board of Liquidation which are included in this Official Statement have been included in reliance upon said report; however, since the date of its report, said auditors have not performed any procedures on the financial statements, consented to inclusion of the financial statements herein, and have not performed any additional review procedures related hereto.

UNDERWRITING

The Bonds are being purchased by the Underwriters at a purchase price of \$15,473,648.62 (representing the principal amount of the Bonds, less Underwriters' discount of \$75,567.78, and plus an original issue premium of \$649,216.40). The Purchase Agreement provides that the Underwriters will purchase all of the Bonds if any are purchased. The obligation of the Underwriters to accept delivery of the Bonds is subject to various conditions contained in the Purchase Agreement.

The yields and prices shown on the inside cover page of this Official Statement were furnished by the Underwriters, and all other information concerning the nature and terms of any reoffering of the Bonds should be obtained from the Underwriters and not the City. The Underwriters intend to offer the Bonds to the general public initially at the offering prices set forth on the inside cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriters reserve the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriters may offer and sell the Bonds to certain dealers at prices lower than the public offering price. In connection with this offering, the Underwriters may over allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC., one of the Underwriters of the Bonds, has entered into a retail distribution arrangement (the "Morgan Stanley Distribution Arrangement") with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of the Morgan Stanley Distribution Arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association ("WFBNA"). WFBNA, one of the Underwriters of the Bonds, has entered into an agreement (the "Wells Fargo Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the Wells Fargo Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliates, Wells Fargo Securities, LLC ("WFSLLC") and Wells Fargo Institutional Securities, LLC ("WFIS"), for the distribution of municipal securities offerings, including the Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, WFIS, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

CONTINUING DISCLOSURE

The Issuer will, pursuant to a Continuing Disclosure Certificate to be dated the date of delivery of the Bonds (the "Continuing Disclosure Certificate"), covenant for the benefit of Bond owners to provide (i) certain financial information and operating data relating to the Issuer in each year no later than eight (8) months from the end of the Issuer's fiscal year, with the first such report due not later than August 31, 2015 (the "Annual Report"), and (ii) notices of the occurrence of certain enumerated events, called "Listed Events," in the future that may affect the Issuer or the Bonds. The Annual Reports and any notices of Listed Events required pursuant to the Continuing Disclosure Certificate will be filed with the MSRB through the Electronic Municipal Market Access website ("EMMA") and with any future Louisiana officially designated State Information Depository. For the specific nature of the information to be contained in the Annual Reports or the nature of the potential Listed Events, see Appendix H - "Proposed Form of Continuing Disclosure Certificate" attached hereto. The Issuer is entering into the Continuing Disclosure Certificate in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule"). The Issuer has not undertaken to provide all information investors may desire to have in making decisions to hold, sell or buy the Bonds and has no obligation to provide any information subsequent to the delivery of the Bonds except as provided in the Continuing Disclosure Certificate.

The City's designated Dissemination Agent for the above information is the Director of Finance of the City, Room 3E06, City Hall, 1300 Perdido Street, New Orleans, Louisiana 70112, telephone 504-565-1500.

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 Issuer has complied in all material respects with all of its prior undertakings under the Rule during the past five years, except for, from time to time various instances of noncompliance, including: (i) it failed to file on a timely basis event notices relating to changes to ratings assigned to the insurers of insured bonds or to the underlying ratings, (ii) it filed its Annual Report for fiscal year 2011 four days late at the time of a mandatory hurricane evacuation that made timely filing impossible, (iii) certain data for fiscal year 2009 were not reported in the applicable Annual Report, but were later included in the Board's fiscal year 2010 Annual Report, (iv) certain data relating to Water System revenues for the years 2005 and 2006 were not included in any Annual Report relating to fiscal years 2009 through 2012 as they were for other years because Hurricanes

Katrina and Rita made it impossible for the Issuer to compile and report those data for those years, (v) certain amounts reported with respect to annual operating revenue for the Water System in the years 2009, 2010, and 2012, and for the Sewerage System in the years 2009, 2010, 2011, and 2012 were inaccurate, and (vi) certain Annual Reports filed by the Issuer were not properly matched with all required CUSIP numbers. All filings for fiscal year 2013 were timely filed. The foregoing description of instances of noncompliance by the Issuer with continuing disclosure undertakings should not be construed as an acknowledgment that any such instance was material. The Issuer has instituted additional policies and procedures designed to ensure future compliance with its continuing disclosure obligations.

Furthermore, Act 463 of the 2014 Regular Session of the Louisiana Legislature provides additional procedures designed to ensure compliance with the Rule. Such legislation, which became effective August 1, 2014, requires public entities, such as the Board of Liquidation and the City, to keep certain records demonstrating compliance with the Rule. Additionally, auditors for public entities in Louisiana are required to review the public entities compliance with such record-keeping requirements, review a sampling of the EMMA filings, and report on the auditor's findings in the annual audited financial statements of such entity.

BOND RATINGS

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), and Fitch Ratings, Inc. ("Fitch"), have assigned ratings of "A+" and "A-", respectively, to the Bonds. The ratings reflect only the views of S&P and Fitch, 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 S&P, at the following address: Lincoln Plaza, Suite 3200, 500 N. Akard, Dallas, Texas 75201, telephone 214-871-1400 or Fitch at the following address: 111 Congress Avenue, Suite 2010, Austin, TX 78701, telephone 512-215-3737. The Issuer may have furnished to S&P or Fitch information relating to the Bonds and other matters, certain of which information and materials have not been included in this Official Statement. Generally, a rating agency bases its rating on the information and materials so furnished and on investigations, studies and assumptions by such rating agency. Ratings may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information. There is no assurance that the ratings on the Bonds will not be changed or withdrawn entirely if, in the judgment of S&P or Fitch, circumstances so warrant. Such circumstances may be outside the control of the Issuer and may include, but are not limited to, general economic conditions in the United States and other political and economic developments that may affect the financial condition of the United States government and its instrumentalities, and, as a result, obligations issued by state and local governments, such as the Bonds. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

ADDITIONAL INFORMATION

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, telephone 504-565-6280. For additional information concerning the Bonds, please address Ms. Lisa Daniel, Public Financial Management, 530 Oak Court Drive, Suite 160, Memphis, Tennessee 38117, telephone 901-682-8356, or Mr. Shawn M. Barney, CLB Porter, LLC, 650 Poydras Street, Suite 1400, New Orleans, Louisiana 70130, telephone 504-299-3433.

CERTIFICATION AS TO OFFICIAL STATEMENT

At the time of payment for and delivery of the Bonds, the City will furnish the Underwriters with (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 and on the date of the delivery of the Bonds, (a) the descriptions and statements of or pertaining to the Board of Liquidation, and the 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 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, 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, and (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 and on the date of the delivery of the Bonds, (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 certificates of the Secretary of the Board of Liquidation and the Executive Director of the Board) 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 necessary to make the statements herein, in light of the circumstances under which they were made, not misleading, and (3) a certificate signed by the Executive Director of the Board to the effect that on the date of the Preliminary Official Statement, on the date of the Official Statement and on the date of delivery of the Bonds, (a) the descriptions and statements, including financial statements, of or pertaining to the Board contained in the Official Statement (other than the matters covered by the certificates of the Secretary of the Board of Liquidation and the Director of Finance of the City) were true and correct in all material respects, (b) insofar as the Board 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 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 Board since December 31, 2013, the date of the last audited financial statements of the Board referenced 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.

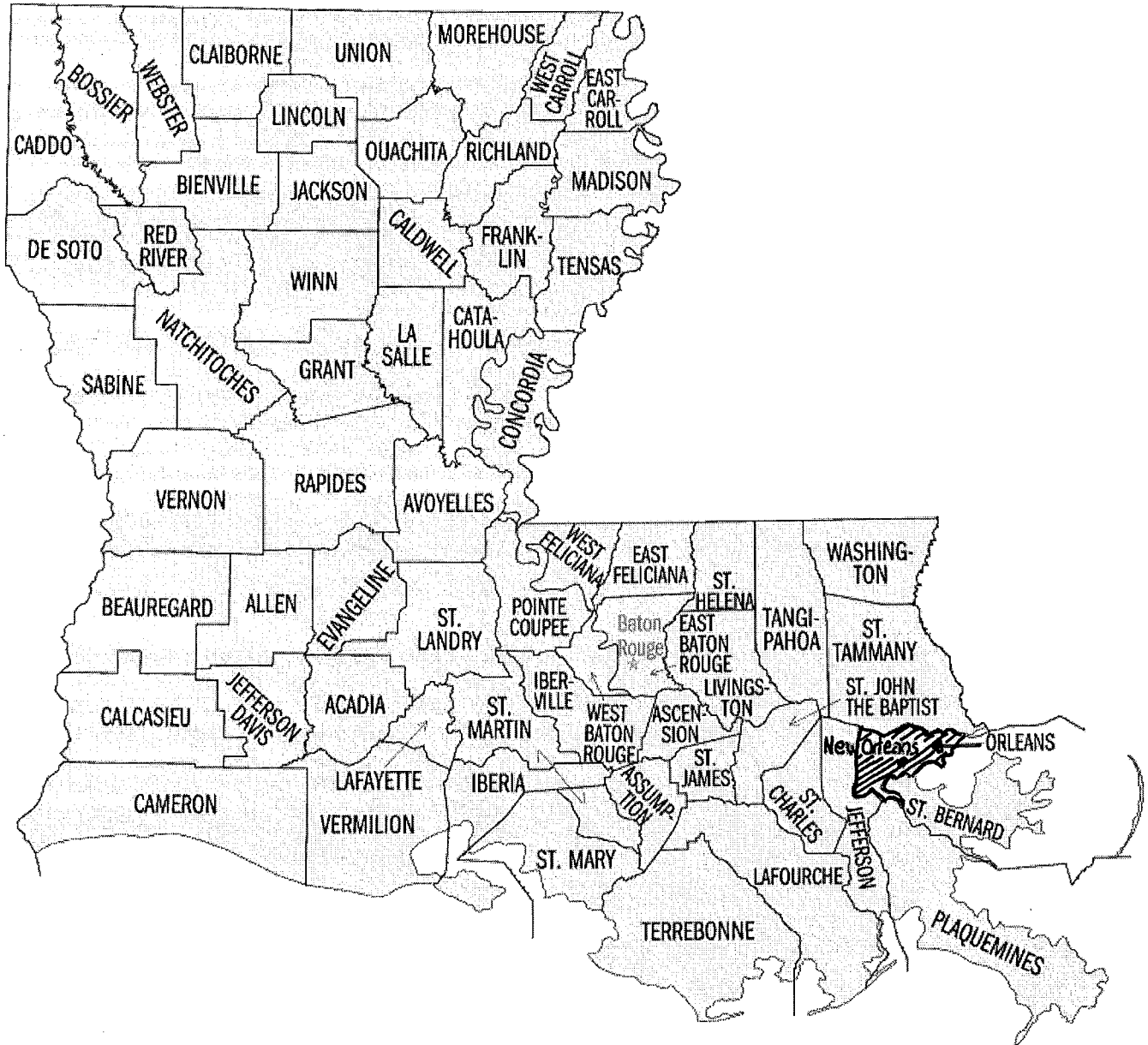
Potential purchasers of the Bonds should consult their own tax advisors as to the consequences of investing in the Bonds. Also, see “TAX EXEMPTION” herein.

CITY OF NEW ORLEANS, LOUISIANA

/s/ *David W. Gernhauser*
David W. Gernhauser
Secretary
Board of Liquidation, City Debt

/s/ *Norman S. Foster*
Norman S. Foster
Director of Finance
City of New Orleans, Louisiana

MAPS



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



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APPENDIX "A"

BONDS TO BE REFUNDED

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**OUTSTANDING BONDS TO BE DEFEASED AND REFUNDED BY THE
2014 REFUNDING BONDS**

**\$3,445,000
DRAINAGE SYSTEM BONDS, SERIES 1998
CITY OF NEW ORLEANS, STATE OF LOUISIANA**

<u>YEAR (DEC. 1)</u>	<u>PRINCIPAL PAYMENT</u>	<u>INTEREST RATE</u>	<u>CUSIP'S</u>
2014	\$ 625,000	4.80%	647634 4E1
2015	655,000	4.85	647634 4F8
2016	685,000	5.00	647634 4G6
2018	1,480,000	5.00	647634 4J0

The Bonds maturing on December 1, 2014 shall be paid at maturity. The bonds maturing on December 1, 2015 and thereafter shall be called for redemption on December 8, 2014, at a redemption price of 100% of the principal amount thereof and accrued interest to the redemption date.

**\$12,760,000
DRAINAGE SYSTEM BONDS, SERIES 2002
CITY OF NEW ORLEANS, STATE OF LOUISIANA**

<u>YEAR (DEC. 1)</u>	<u>PRINCIPAL PAYMENT</u>	<u>INTEREST RATE</u>	<u>CUSIP'S</u>
2014	\$ 865,000	4.00%	64763F DW6
2015	900,000	4.00	64763F DX4
2016	940,000	4.10	64763F DY2
2017	985,000	4.20	64763F DZ9
2018	1,030,000	4.30	64763F EA3
2019	1,870,000	4.40	64763F EB1
2020	1,960,000	4.50	64763F EC9
2021	2,055,000	4.60	64763F ED7
2022	2,155,000	4.65	64763F EE5

The Bonds maturing on December 1, 2014 shall be paid at maturity. The Bonds maturing on December 1, 2015 and thereafter shall be called for redemption on December 8, 2014, at a redemption price of 100% of the principal amount thereof and accrued interest to the redemption date.

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APPENDIX "B"

**FINANCIAL AND STATISTICAL DATA
PERTAINING TO THE CITY OF NEW ORLEANS
AND THE PARISH OF ORLEANS, STATE OF LOUISIANA**

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FINANCIAL AND STATISTICAL DATA PERTAINING TO THE CITY OF NEW ORLEANS AND THE PARISH OF ORLEANS, STATE OF LOUISIANA

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 does not have the power of annexation; however, its boundaries contain a relatively large amount of undeveloped open lands, much of which is reclaimed wetlands. 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.

The City 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.

GENERAL INFORMATION

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 New Orleans Metropolitan Statistical Area (the “MSA”), 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. A history of the population of the City and the MSA is provided below. The decline in population between the 2000 Census and the 2013 estimate is largely a result of Hurricane Katrina.

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>	<u>2013</u>
New Orleans	570,445	627,525	593,471	557,927	496,938	484,674	343,829	378,715
MSA*	754,856	969,326	1,125,058	1,282,717	1,264,391	1,316,510	1,167,764	1,240,977

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

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

Assessed Valuations

The following table sets forth the assessed value of taxable property in the City and homestead exemptions for the years 2005-2015.

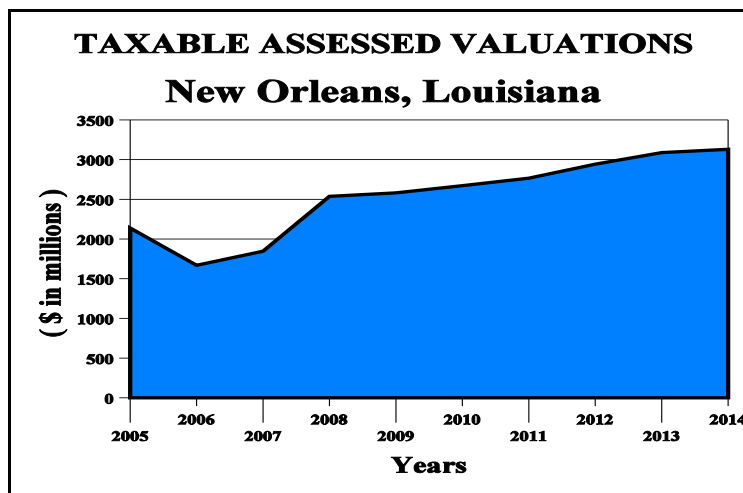
Assessed Value of Property in the City

Tax Year	Real Property	Personal Property	Public Service Property	Total Assessed Valuation	Less: Homestead Exemptions	Taxable Assessed Valuation
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
2011	2,586,081,540	385,699,970	167,557,410	3,139,338,920	372,613,310	2,766,725,610
2012	2,760,973,210	390,952,232	183,003,600	3,334,929,042	392,534,175	2,942,394,867
2013	2,915,068,780	413,120,240	193,722,510	3,521,911,530	433,616,519	3,088,295,011
2014	2,992,593,440	405,514,430	181,055,280	3,579,163,150	448,696,881	3,130,466,269
2015	3,202,062,720	431,355,330	170,541,020	3,803,959,070	458,941,272	3,345,017,798

Sources: Tax Commission (2005-2007); Department of Finance, City of New Orleans (2008-2015).

(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.



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 City and Parish for the years 2010 through 2014:

<u>Purpose</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
	(\$ per \$1,000 of Taxable Assessed Value)				
City:					
General Purposes*	10.85	13.91	13.91	13.91	13.91
City Services	0.87	1.19	1.19	1.19	1.19
Debt Service on General Obligation Bonds	25.50	25.50	25.50	25.50	25.50
Fire and Police	4.66	6.40	6.40	6.40	6.40
Police (1)	3.98	5.26	5.26	5.26	5.26
Fire (1)	5.21	5.21	5.21	5.21	5.21
Audubon Park Zoo	0.32	0.32	0.32	0.32	0.32
Aquarium	2.99	2.99	2.99	2.99	2.99
Library	3.14	3.14	3.14	3.14	3.14
Capital Improvements & Infrastructure Trust Fund	1.82	1.82	1.82	1.82	1.82
Economic Development & Housing Parkway & Recreation	1.82	1.82	1.82	1.82	1.82
Streets (Traffic Control Devices)	2.18	3.00	3.00	3.00	3.00
Sewerage and Water Board:	1.38	1.90	1.90	1.90	1.90
Drainage System (Act 617 of 1977)	4.71	4.71	4.71	4.71	4.71
Drainage System (Ord. 6289, M.C.S.)	4.66	4.66	4.66	4.66	4.66
Drainage System (R-81-29)	7.06	7.06	7.06	7.06	7.06
Total City Tax Rates	81.15	88.89	88.89	88.89	88.89
Orleans Law Enforcement District	2.90	2.90	2.90	2.90	2.90
Orleans Parish School Board	44.12	44.12	44.12	44.81	45.31
Total Parishwide Tax Rates	128.17	135.91	135.91	136.60	137.10
Orleans Levee District (Eastbank)	11.67	11.67	11.67	11.67	11.67
Algiers Levee District (Westbank)	12.76	12.76	12.76	12.56	12.56
Downtown Development District (2)	14.76	14.76	14.76	14.76	14.76
New Orleans Regional Business Park (3)	20.85	20.85	20.85	--	--
Garden District Security	11.62	16.00	16.00	11.00	11.00
Touro Bouligny	7.80	7.80	7.80	7.80	7.80

* Tax securing the proposed bonds.

(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. Parcel fees are not listed above.

Property Taxpayers

The following list includes the names and the 2014 assessed valuations of the ten largest property taxpayers in the City:

	<u>Name of Taxpayer</u>	<u>Type of Business</u>	<u>2014 Assessed Valuation</u>
1.	Entergy	Utility	\$107,943,160
2.	Capital One, National Association	Financial Services	48,490,500
3.	BellSouth	Utility	44,074,250
4.	Marriott Hotel	Hotel	29,944,200
5.	Harrah's New Orleans Casino & Hotel	Tourism	28,806,030
6.	JPMorgan Chase Bank, N.A.	Financial Services	21,448,700
7.	International Rivercenter	Retail Shopping; Hotel	18,523,840
8.	C S & M Associates	Commercial Real Estate	16,764,800
9.	Folgers Coffee Company	Coffee Roasting Plant	15,856,300
10.	201 St. Charles Place		<u>12,999,920</u>
	Total		<u>\$344,851,700</u>

Source: Department of Finance, City of New Orleans.

The ten largest property taxpayers accounted for approximately 10.61% of the City's 2014 taxable assessed valuation.

Property Tax Collections

The following table shows property tax levied in each year from 2005 through 2014 and the amounts collected, and the percentage of such levy that has been collected since the date the taxes were imposed (through March 31, 2014), 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 through August 31, 2014 (includes cleared receivables)</u>		<u>Balance Due at August 31, 2014</u>		<u>Cleared 1/1-8/31/14 Amount</u>
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	
<u>Real Estate Taxes</u>						
2005	267,327	264,043	98.77	3,284	1.23	52
2006*	219,991	218,013	99.10	1,978	0.90	180
2007	250,462	247,399	98.78	3,063	1.22	115
2008	269,746	266,611	98.84	3,135	1.16	105
2009	275,869	272,284	98.70	3,585	1.30	123
2010	309,800	305,493	98.61	4,307	1.39	153
2011	339,370	333,995	98.42	5,375	1.58	311
2012	362,262	355,185	98.05	7,077	1.95	873
2013	382,902	371,226	96.95	11,676	3.05	8,200
2014	393,304	368,863	93.79	24,441	6.21	368,863

* 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 August 31, 2014 (includes cleared receivables)</u>		<u>Balance Due at August 31, 2014</u>		<u>Cleared 1/1-8/31/14</u>
		<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
<u>Personal Property Taxes</u>						
2005	106,354	100,809	94.79	5,545	5.21	0
2006*	99,477	95,157	95.66	4,320	4.34	0
2007	82,046	77,967	95.03	4,079	4.97	0
2008	67,548	64,074	94.86	3,474	5.14	0
2009	69,935	66,562	95.18	3,373	4.82	0
2010	74,530	70,750	94.93	3,780	5.07	45
2011	78,996	75,824	95.98	3,172	4.02	177
2012	81,685	79,755	97.64	1,930	2.36	657
2013	87,058	84,702	97.29	2,356	2.71	292
2014	84,620	80,990	95.71	3,630	4.29	80,990

2010 and prior personal property receivables are considered prescribed and no longer legally enforceable during 2014.

* 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).

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 “State”), 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 Parish. The total sales tax levied on goods sold or used (excluding hotel and motel rooms) in the Parish 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.

Six 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%, (e) the Regional Transit Authority (the “RTA”) - 1% and (f) the Ernest N. Morial-New Orleans Exhibition Hall Authority (the “NOEH”) - 3%, 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 an impact on the collections of the sales and use taxes of the City; however, annual collections in 2012 and 2013 exceeded pre-Katrina levels. The following table shows annual revenues of the City’s general purpose sales and use tax:

<u>Calendar Year</u>	<u>Sales Tax Revenues</u> (in thousands)	<u>Calendar Year</u>	<u>Sales Tax Revenues</u> (in thousands)
1989	\$ 93,063	2002	\$145,009
1990	98,077	2003	148,855
1991	98,483	2004	153,851
1992	101,221	2005	116,339
1993	102,530	2006	124,229
1994	109,167	2007	134,114
1995	120,229	2008	137,581
1996	120,240	2009	133,868
1997	120,652	2010	147,300
1998	126,899	2011	152,840
1999	133,490	2012	163,128
2000	139,770	2013	176,263
2001	139,511	2014	111,867*



Figure unaudited.

*As of August 31, 2014.

Sources: *Annual Financial Reports*, City of New Orleans.

Default Record

The City has never defaulted in the payment of its outstanding bonds.

Audit Report

The City’s Comprehensive Annual Financial Report for the year ended December 31, 2013, audited by of Postlethwaite & Netterville, A Professional Accounting Corporation, and their report, dated as of June 27, 2014 may be found at: www.nola.gov/accounting/. The audited financial statements pertaining to the City are being referenced in reliance upon said report; however, such Auditors have not consented to reference to 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 “D” to this Official Statement is a summary of the general fund budget, as adopted, for the City for the fiscal year ending December 31, 2014. The City’s Operating Budget in its entirety has been approved by the City Council and signed by the Mayor. It is available for viewing and download on the City's website (www.nola.gov/finance).

Balances

The City reported the following balances in its various funds and accounts as of August 31, 2014:

<u>Name of Fund</u>	<u>Balances</u>		
	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
General Fund	\$52,199,787	\$ 381,216	\$52,581,004
Neighborhood Housing Impr.	334,866	1,899,883	2,234,748
NO Economic Development	2,611,681	1,068,700	3,680,380
Environmental Disaster Litigation	319,519	--	319,519
Environmental Impr. Revlving Fund	--	95,281	95,282
Miscellaneous Donations	223,977	--	223,977
Housing & Environment Improvmt	1,841,077	--	1,841,077
Sidewalk Pavement Rev. Fund	--	2,066	2,066
NO Special Events Fd	227	--	227
Adopt-A-Pothole/Streets	283	--	283
Sanitation Recycling Exp.	460	--	460
NO Film Comm. Trust	51,914	157,760	209,674
National League of Cities	5,851	--	5,851
Music & Entertainment Comm.	64,504	115,942	180,446
Mayor's Off. of Tourism & Arts	316,141	--	316,141
Parking Management Fund	--	354,572	354,572
Library Special Revenue Fund	<u>9,124,723</u>	--	<u>9,124,723</u>
Totals	<u>\$67,095,010</u>	<u>\$4,075,420</u>	<u>\$71,170,430</u>

Source: Department of Finance, City of New Orleans. All figures unaudited.

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 First 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 that more than doubled congressional appropriations for the State'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. 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 S. Foster is Director of Finance and Chief Financial Officer 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 Chief Financial Officer 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 First Deputy Mayor and 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 Fund.

The budgeted revenues of the capital budget for the current and next four fiscal years are as follows:

CITY OF NEW ORLEANS

STATEMENT OF CAPITAL FUND REVENUES 2014-2018

SOURCE OF FUNDS	2014	2015	2016	2017	2018	TOTALS
General Obligation Bonds	\$65,000,000	\$0	\$0	\$0	\$0	\$65,000,000
Miscellaneous Capital Funds	\$1,050,000	\$250,000	\$250,000	\$250,000	\$250,000	\$2,050,000
FEMA Reimbursement Funds	\$102,861,214	\$73,700,971	\$51,909,499	\$32,661,821	\$161,091	\$261,294,596
Federal Roadways Funds	\$15,000,000	\$0	\$0	\$0	\$0	\$15,000,000
State Capital Outlay	\$14,375,000	\$0	\$0	\$0	\$0	\$14,375,000
Self Generated Funds	\$49,079,099	\$62,901,152	\$213,254,81	\$311,922,413	\$74,877,45	\$712,034,933
Totals	\$247,365,313	\$136,852,12	\$265,414,31	\$344,834,234	\$75,288,54	\$1,069,754,529

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.

A summary of the adopted Budget for the City's General Fund for the fiscal year ending December 31, 2014, follows:

Revenues	Amount	% of Total
Taxes	\$305,460,326	60.49%
Licenses & Permits	55,925,111	11.08%
Intergovernmental	13,311,845	2.64%
Service Charges	73,209,451	14.50%
Other Financing Sources	17,300,562	3.43%
Miscellaneous	11,095,248	2.20%
Fines and Forfeitures	<u>28,633,547</u>	<u>5.67%</u>
Total Revenues	<u>\$504,936,090</u>	100.00%
Expenditures	Amount	% of Total
Personal Services	\$310,526,124	61.50%
Other Operating	165,875,936	32.85%
Debt Service	<u>28,534,030</u>	<u>5.65%</u>
Total Expenditures	<u>\$504,936,090</u>	100.00%

Source: Chief Administrative Office, City of New Orleans.

NOTE: Totals may not add due to rounding.

The Charter further provides that the City Council may amend the budget during the year via ordinance. Typically, 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.

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 Annual Financial Report in conformance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board.

Extraordinary Expenditures

The City Council is required to approve a balanced operating budget each fiscal year. At times, various factors may impact the expenditures to be incurred in a current or future fiscal year, causing the City Council to either increase revenue or decrease other expenditures to achieve a balanced budget. For example, the City is party to a number of consent decrees that require it to accomplish various tasks within a designated period of time, and while the City has made reasonable estimates of the total costs of such tasks, various factors outside of the control of the City may

impact the accuracy of such estimates. (See "LITIGATION AFFECTING THE CITY" herein.) The City's operating budget for 2014 includes the anticipated costs associated with the various consent decrees and other non-recurring expenditures as estimated by the City, and the City presently expects to continue to budget such anticipated costs in future years.

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 Legislature permits firemen employed by the City to become members of FRS after July 1, 1992, 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.

All four plans use the accrual basis of accounting for changes in net assets. Within this context, interest income is recognized when earned, as are employer and employee contributions, except in the case of the Old Police System, which recognizes employer contributions when due from the City. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

MPERS Plan Description. MPERS is a defined benefit pension plan established by statute. Employees become eligible for retirement under MPERS at age 50, after being a member of the plan for 1 year and after 20 years of active continuous service. An employee who is age 55 becomes eligible for retirement benefits after 16 years of active continuous service. The plan also provides death and disability benefits. Authority to establish and amend benefit provisions is provided under the laws of the State. MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPERS. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 8401 United Plaza Boulevard, Room 270, Baton Rouge, Louisiana 70809, or by calling (800) 443-4248.

Employees' System, Old Police System, Old Fire System and New Fire System Descriptions. Each plan is a defined benefit pension plan established by statute, which provide retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Authority to establish and amend benefit provisions is provided under the laws of the State. Each plan issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained by writing or calling the plan.

Employees' Retirement System of the City of New Orleans
1300 Perdido Street, Suite 1E12
New Orleans, Louisiana 70112
(504) 658-1850

Police Pension Fund of the City of New Orleans
715 S. Broad, Room B23
New Orleans, Louisiana 70119
(504) 826-2900

Firefighters' Pension and Relief Fund of the
City of New Orleans (Old and New Systems)
329 S. Dorgenois Street
New Orleans, Louisiana 70119
(504) 821-4671

Funding Policies and Annual Pension Costs. The employer contributions for MPERS and the New Fire System are based on actuarially determined amounts. The employer contribution for the Old Police System is based on amounts necessary to cover administrative costs and payments of pensions and benefits, as certified by the board of trustees of the fund. The employer contribution for the Old Fire System is based on amounts necessary to pay current expenses, and, in effect, is being funded on a "pay-as-you-go" basis. The City issued the Pension Bonds to fund the projected unfunded accrued liability of the Old Fire System. Employees covered under MPERS contribute 5% of their earnable compensation to the plan in excess of \$1,200 per year. Employees covered under the Old Fire System and New Fire System contribute 6% of salary for the first 20 years of employment.

As a result of the merger contract with the MPERS to transfer all active policemen who were participating in the City's Old Police System to MPERS, there were no active participants in the plan and therefore the only contributions by employees to the plan related to retirees' contributions for the purchase of military service credit. The City's annual pension cost for fiscal year 2013 and related actuarial methods and assumptions for each plan is as follows (amounts in thousands):

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	<u>Employees' System</u>	<u>Old Police System</u>	<u>Old Fire System</u>	<u>New Fire System</u>
Annual required contribution*	\$20,228	–	\$20,532	\$34,387
Annual pension cost*	19,646	–	16,834	30,824
Contributions made*	18,545	–	20,896	12,313
Actuarial valuation date	1/01/2014	12/31/2013	1/01/2014	1/01/2014
Actuarial cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Aggregate level normal cost method
Amortization method	(a)	(b)	Specific number of years - level amount, closed	(c)
Remaining amortization period	(a)	(b)	3 years	(c)
Asset valuation method	Adjusted market value	Cost which approximates market	Market value	Three-year averaging market value
Actuarial assumptions:				
Investment rate of return	7.50%	7.00%	7.50%	7.50%
Projected salary increases	5.00%	N/A	5.00%	5.00%

*Amounts in thousands.

- (a) The “Entry Age Normal Cost Method” is used to calculate the funding requirements for MPERS. Under this method the normal cost of the plan is designed to be a level percentage of payroll, calculated on an aggregate basis, spread over the entire working lifetime of the participants. The future working lifetime is determined from each participant’s hypothetical entry age into the plan assuming the plan had always been in existence, to the participant’s expected retirement date. This fund uses a level dollar amortization for an open ten year amortization period effective on each valuation date.
- (b) The “Entry Age Normal Cost Method” was used to calculate the funding requirements of the Old Police System. Under this cost method, the actuarial present value of projected benefits of each individual included in the valuation is allocated on a level basis as a percentage of payroll for each participant between entry age and assumed retirement age.
- (c) The “Aggregate Level Normal Cost Method” is used by the New Fire System and allocates pension costs as a level percentage of payroll over the future working lifetime of current members. The Aggregate Cost Method produces no unfunded accrued liability.

Annual Pension Cost, Prepaid Pension Asset, and Net Pension Obligation. The City’s annual pension cost (“APC”), prepaid pension asset (“PPA”), and net pension obligation (“NPO”) to the Employees’ System, Old Fire System and New Fire System for the fiscal year 2013 are as follows (amounts in thousands):

	<u>Employees’ System</u>	<u>Old Fire System</u>	<u>New Fire System</u>	<u>Total</u>
Annual required contribution	\$ 20,228	\$ 20,532	\$ 32,213	\$ 75,146
Interest on NPO	1,140	4,209	2,730	9,402
Adjustment to annual required contribution Annual Pension cost	<u>(1,203)</u>	<u>(7,907)</u>	<u>(5,127)</u>	<u>(16,725)</u>
	20,165	16,834	29,816	67,823
Contributions made	<u>18,545</u>	<u>20,896</u>	<u>12,159</u>	<u>51,754</u>
Decrease (increase) in NPO	(1,620)	4,062	(17,657)	(16,069)
NPO, beginning of year	<u>(14,675)</u>	<u>(56,116)</u>	<u>(36,396)</u>	<u>(124,844)</u>
NPO, end of year	<u>\$ (16,295)</u>	<u>\$ (52,054)</u>	<u>\$ (54,053)</u>	<u>\$ (140,913)</u>

The NPOs were approximately \$16,295,000, \$52,054,000, and \$72,564,000 respectively, at December 31, 2013, and are recorded in the governmental activities of the government-wide statement of net assets.

Three Year Trend Information (amounts in thousands)

	<u>Year ending</u>	<u>APC</u>	<u>Percentage of APC contributed</u>	<u>NPO</u>
Employees’ System	12/31/13	\$19,646	97%	\$16,295
	12/31/12	18,216	109	14,675
	12/31/11	19,720	101	15,988
Old Fire System	<u>Year ending</u>	<u>APC</u>	<u>Percentage of APC contributed</u>	<u>NPO</u>
	12/31/13	16,834	123	52,054
	12/31/12	18,623	111	56,116
	12/31/11	18,084	116	58,234
New Fire System	12/31/13	30,824	39	72,564
	12/31/12	29,816	41	54,053
	12/31/11	28,087	43	36,396

Investments by Systems. More information on the investment selections of the several systems, including interest rate risk, credit quality risk and custodial credit risk can be viewed in the City’s Comprehensive Annual Financial Report for fiscal year 2013, Note 2-Deposits and Investments, pages 42-46 therein. (see “INTRODUCTORY STATEMENT - Additional Information” herein.)

Schedule of Funding Progress

<u>Actuarial valuation date</u>	<u>Value of assets (a)</u>	<u>Actuarial liability (AAL)(b)</u>	<u>Excess of assets over AAL (a-b)</u>	<u>Funded ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Excess as percentage of covered payroll (a-b/c)</u>
Employees' System:						
12/31/2011	379,526	507,173	(127,647)	74.83	93,636	(136.32)
12/31/2012	372,050	545,395	(173,345)	68.22	92,881	(186.63)
12/31/2013	365,102	544,536	(179,434)	67.05	92,440	(194.11)
Old Police System:						
12/31/2011	1,805	Not Known	Not Known	Not Known	--	N/A
12/31/2012	1,763	Not Known	Not Known	Not Known	--	N/A
12/31/2013	1,726	Not Known	Not Known	Not Known	--	N/A
Old Fire System:						
12/31/2011	14,862	171,593	(156,731)	8.66	--	N/A
12/31/2012	16,565	159,529	(142,964)	10.38	--	N/A
12/31/2013	17,680	148,577	(130,897)	11.90	--	N/A
New Fire System:						
12/31/2011	159,645	430,550	(270,905)	37.08	29,994	(903.20)
12/31/2012	150,640	440,292	(289,652)	34.21	29,688	(975.65)
12/31/2013	121,788	423,820	(302,032)	28.74	28,002	(1078.61)

Firefighters' Pension and Relief Fund Lawsuit. During the year ended December 31, 2010, a lawsuit was filed by City firefighters against the City to adjust their pensions for longevity raises not received while employed by the City. A judgment was obtained against the City for the difference in the amount retired firefighters were receiving as their pension benefit and what they should have received had the longevity raises been included in their retirement benefit calculation. The judgment applies to all firefighters who retired on or after March 2, 1990. The increase in their pension payment is to be calculated in accordance with longevity factors determined by the court. The judgment states that benefits are only to be upwardly adjusted when the funds are appropriated by the City.

On March 17, 2010, the firefighters obtained a consent judgment authorizing the Firefighters' Pension and Relief Fund (the "Fund"), which operates both the Old Fire System and New Fire System, upon receiving the appropriated funds from the City, to upwardly adjust monthly pension benefits owed to those members who retired on or after March 2, 1990, starting on January 1, 2010 in accordance with the longevity factors determined by the court. During the year ended December 31, 2010, the City appropriated funds necessary to pay the increased benefit to those members currently receiving cash benefits.

As of December 31, 2013, the City has not appropriated funds to pay the increased benefit owed to members prior to December 31, 2009. The Fund is currently in the process of determining the amount of the increased benefit owed to members for pensions prior to December 31, 2009.

Member Deferred Retirement Option Plan ("DROP") and Partial Lump-Sum Option Plan ("PLOP") accounts were not increased during the year ended December 31, 2013. The City appropriation received did not cover these accounts.

The Fund has calculated the increased benefit owed to the members in their DROP and PLOP accounts. As of December 31, 2013, the amount of DROP benefits owed to members is estimated to be \$20,207,931 and \$3,427,427 for the New Fire System and Old Fire System, respectively. As of December 31, 2013, the amount of PLOP benefits owed to these members is estimated to be \$12,676,571 and \$1,371,247 for the New Fire System and Old Fire System, respectively.

Firefighters' Pension and Relief Fund Investment Receivable. The Fund invested in Series N shares of the FIA Leveraged Fund, an open ended investment fund which is registered as a mutual fund. The FIA Leveraged Fund is a feeder fund to the master fund - Fletcher International, Ltd. On June 27, 2011, the Fund requested a redemption of its shares in the FIA Leveraged Fund in accordance with their agreement. The FIA Leveraged Fund failed to provide the Fund with confirmation on the value of its shares in the Fund and full payment. As a result, a lawsuit was filed. The lawsuit was filed in the Grand Court, Financial Services Division, Cayman Island and sought an order from the Grand Court that the FIA Leveraged Fund be wound up (liquidated). The winding-up order was issued by the Grand Court on April 18, 2012, and Liquidators were appointed over the FIA Leveraged Fund to fulfill the redemption. In response to this judgment, the investment manager, Fletcher Asset Management, filed for bankruptcy protection for the master fund. In October 2012, the bankruptcy court issued an order for the appointment of a U.S. Trustee to investigate the assets of the FIA Leveraged Fund and manage its liquidation. Subsequently, information regarding the value of the assets remaining in the FIA Leveraged Fund and any potential recovery is as yet unavailable. As of December 31, 2012, the receivable is valued at \$18,425,727. The receivable may be adjusted based on the progress of the Trustee's investigation and the determination of asset values.

Post-Employment Benefits

The City offers medical benefits to eligible retirees upon actual retirement. Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving such benefits. The City does not fund its Annual Required Contribution (as defined in GASB Statement 45) except to the extent of the current year's retiree funding costs.

Notes 2 and 7 and the Required Supplementary Information to the City's Comprehensive Annual Financial Report for fiscal year 2013 contains further information regarding the City Pension and other post-employment benefit obligations. See Note 2-Deposits and Investments, pages 41-46 therein; Note 7-Pension Plans and Postretirement Healthcare, pages 56-65 therein; and Required Supplementary Information, pages 76 and 79-80 therein. The information contained therein is current as of the date stated, and there has been no material adverse change in the financial information contained therein from the date stated.

Plan Description. The City's medical benefits are provided through a self-insured comprehensive health benefit program and are made available to employees upon retirement. Full details are contained in the official plan documents. Medical benefits are provided to employees upon actual retirement (that is, at the end of the DROP period, if applicable) according to the retirement eligibility provisions of the System by which the employee is covered. The vast majority of City employees are covered by one of three primary systems: Employees' System, MPERS, and the Fund. The maximum DROP period is five years in the Employees' System and the Fund and three years in MPERS. Retirement (DROP entry) eligibility is as follows: in the Employees' System,

the earliest of 30 years of service at any age; age 60 and 10 years of service; age 65 and 20 years of service; or, satisfaction of the “Rule of 80” (age plus service equals or exceeds 80); in MPRS, the earlier of 25 years of service and age 50 and 20 years of service (in MPERS, DROP entry requires age 55 and 12 years of service or 20 years of service and eligibility to retire); in the Fund, age 50 and 12 years of service. However, because of the “back-loaded” benefit formula in the Fund plan relative to years of service, the retirement assumption used for that plan was the earliest of age 50 and 30 years of service, age 55 and 25 years of service, and age 60 and 12 years of service.

Contribution Rates. Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Funding Policy. Until 2007, the City recognized the cost of providing post-employment medical benefits (the City’s portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. Effective with the fiscal year beginning January 1, 2007, the City implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions* (“GASB 45”). The funding policy is not to fund the Annual Required Contribution (“ARC”) except to the extent of the current year’s retiree funding costs.

In 2013, the City’s portion of health care funding cost for retired employees totaled approximately \$7,783,000. These amounts were applied toward the net other post-employment benefit (“OPEB”) obligation.

Annual Required Contribution. The City’s ARC is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (“AAL”). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 45) has been used for the post-employment benefits. The total ARC for fiscal year 2013 was \$11,104,822, as set forth below:

Normal Cost	\$ 2,777,920
30-year UAL amortization amount	<u>8,326,902</u>
Annual required contribution (ARC)	<u>\$ 11,104,822</u>

Net Post-Employment Benefit Obligation (Asset). The table below shows the City’s net OPEB obligation for fiscal year 2013:

Beginning Net OPEB Obligation 1/1/2013	\$ 57,520,340
Annual required contribution	11,104,822
Interest on Net OPEB Obligation	2,300,814
ARC Adjustment	<u>(3,326,407)</u>
OPEB Cost	10,079,229
Contribution	-
Current year retiree premium	<u>7,783,323</u>
Change in Net OPEB Obligation	<u>2,295,906</u>
Ending Net OPEB Obligation 12/31/2012	<u>\$ 59,816,246</u>

The following table shows the City’s annual other post-employment benefits cost, percentage of the cost contributed, and the net unfunded other post-employment benefits obligation (asset):

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2013	\$10,079,229	77.22%	\$59,816,246
December 31, 2012	\$12,957,882	75.72%	\$57,520,340
December 31, 2011	\$12,482,789	72.78%	\$54,374,713

Funded Status and Funding Progress. In fiscal year 2013, the City made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the January 1, 2011 actuarial valuation, the most recent valuation, the AAL at the end of fiscal year 2013 was \$149,749,527 which is defined as that portion, as determined by a particular actuarial cost method (the City uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

Actuarial Accrued Liability (AAL)	\$ 149,749,527
Actuarial Value of Plan Assets (AVP)	-
Unfunded Act. Accrued Liability (UAAL)	\$ <u>149,749,527</u>
Funded Ratio (AVP/AAL)	0%
Covered Payroll (active plan members)	\$ 216,764,077
UAAL as a percentage of covered payroll	69%

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Further information on other methods, assumptions and related projections may be found in the City's Comprehensive Annual Financial Report for fiscal year 2013, Note 7-Pension Plans and Postretirement Healthcare Benefits, pages 63-64 therein.

ECONOMIC INDICATORS

Per Capita Personal Income

A comprehensive revision of the estimates of Per Capita Personal Income by State were published in November 2013 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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Orleans Parish	\$47,757	\$40,920	\$41,172	\$42,371	\$43,030
Louisiana	37,799	36,378	37,217	38,623	40,057
United States	40,873	39,357	40,163	42,298	43,735

* *The City has experienced the Nation's fastest Per Capita Personal Income growth since 2005.* Source: Forbes.
Source: U.S. Department of Commerce, Bureau of Economic Analysis. November 21, 2013.

(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.)

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

<u>Year</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Parish Rate</u>	<u>State Rate</u>
2008	131,880	124,713	7,167	5.4	4.4
2009	144,959	133,792	11,167	7.7	6.6
2010	146,327	133,426	12,901	8.8	7.4
2011	150,104	137,150	12,954	8.6	7.2
2012	151,058	139,212	11,846	7.8	6.5
2013	156,213	144,753	11,460	7.3	6.2

The preliminary figures for September 2014 for the City were reported as follows:

<u>Month</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Parish Rate</u>	<u>State Rate</u>
09/14	160,804	148,713	12,091	7.5	6.1*

The preliminary figures for the New Orleans MSA for September 2014 were reported as follows:

<u>Month</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Parish Rate</u>	<u>State Rate</u>
09/14	573,071	537,449	35,622	6.2	6.1*

* Seasonally adjusted rate was 6.0.
Source: Louisiana Workforce Commission. October 24, 2014.

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The following table shows the composition of the employed work force not seasonally adjusted in the MSA.

**Nonfarm Wage and Salary Employment by Major Industry
(Employees in Thousands)**

	Preliminary <u>Sept 2014</u>	Revised <u>Aug 2014</u>	Preliminary <u>Sept 2013</u>
Mining & Logging	7.7	7.8	7.7
Construction	32.9	32.2	31.8
Manufacturing	29.2	29.6	29.7
Trade, Transportation, & Utilities	111.7	111.6	110.3
Information	7.5	7.7	8.2
Financial Activities	27.8	27.8	27.4
Professional and Business Services	74.4	74.7	71.5
Education and Health Services	90.6	89.3	83.9
Leisure and Hospitality	78.0	80.3	77.5
Other Services	20.7	20.7	20.2
Government	<u>74.0</u>	<u>73.1</u>	<u>75.6</u>
Total	<u>554.5</u>	<u>554.8</u>	<u>543.8</u>

Source: Louisiana Workforce Commission.

Largest Employers

The names of several of the largest private employers located in the City 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>
Ochsner Health System	Health Care	13,300
Tulane University	Higher Education	4,189
Children's Hospital	Health Care	3,500
Acme Truck Line	Transportation	3,250
Pan-American Life Insurance Group	Life Insurance	1,389
Boh Bros. Construction Co. LLC	General Contractor	1,300
Laitram	Manufacturing	1,011
Georges Enterprises	Food, Investments, Real Estate	750
Premier Automotive Group	Automotive Dealerships	650
Ray Brandt Automotive and Collision	Automotive Dealerships/Collision Repairs	550

Source: New Orleans CityBusiness 2013-2014 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 City or maintain employment at the level stated.

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

ANNUAL AVERAGE ORLEANS PARISH CONCURRENT ECONOMIC INDICATORS, 2009, 2010, 2011, 2012 AND FIRST QUARTER 2014 *(All data not seasonally adjusted.)*

ORLEANS PARISH					
EMPLOYMENT	2009	2010	2011	2012	2014:1
Total	168,587	170,413	173,986	177,038	185,226
Agriculture, Forestry, Fishing, and Hunting	26	22	32	39	101
Mining	3,618	3,253	2,867	2,391	2,456
Utilities	1,163	918	906	921	932
Construction	5,285	5,388	5,419	5,357	5,737
Manufacturing	5,929	4,959	4,536	4,031	4,081
Wholesale Trade	4,002	3,881	3,896	3,750	3,678
Retail Trade	12,284	12,057	12,428	12,926	13,749
Transportation and Warehousing	7,885	7,827	8,259	8,448	8,892
Information	3,033	3,644	3,724	4,700	3,773
Finance and Insurance	5,546	5,475	5,468	5,409	5,040
Real Estate and Rental and Leasing	2,222	2,241	2,460	2,587	2,838
Professional and Technical Services	13,815	14,410	14,709	14,671	15,876
Management of Companies and Enterprises	3,404	3,335	3,396	3,348	2,948
Administrative and Waste Services	9,248	9,338	9,439	9,864	10,918
Educational Services	20,530	20,829	20,997	21,303	22,353
Health Care and Social Assistance	20,858	20,796	21,171	21,239	22,310
Arts, Entertainment, and Recreation	4,696	4,955	4,975	5,056	6,327
Accommodation and Food Services	27,309	28,949	31,410	33,162	35,718
Other Services, except Public Administration	5,046	5,082	5,277	5,509	5,498
Public Administration	12,222	12,796	12,308	12,154	11,865
EARNINGS (\$ in Thousands)	Annual	Annual	Annual	Annual	Quarterly
Total	\$8,345,790	\$8,495,490	\$8,695,793	\$8,681,404	\$2,362,521
Agriculture, Forestry, Fishing, and Hunting	651	582	832	925	625
Mining	464,398	457,342	468,700	378,313	123,267
Utilities	75,613	62,992	59,338	60,962	16,036
Construction	282,951	277,992	303,632	280,623	71,465
Manufacturing	371,651	347,694	312,078	246,665	66,943
Wholesale Trade	259,132	256,367	261,481	257,833	72,221
Retail Trade	327,778	329,070	337,523	358,194	91,114
Transportation and Warehousing	438,754	432,784	442,060	460,806	120,063
Information	179,392	219,928	212,131	252,275	48,055
Finance and Insurance	402,903	421,229	447,832	460,077	146,794
Real Estate and Rental and Leasing	87,414	90,643	99,529	105,506	29,274
Professional and Technical Services	1,034,419	1,097,435	1,134,831	1,138,698	286,109
Management of Companies and Enterprises	277,857	253,922	302,939	284,757	94,295
Administrative and Waste Services	335,288	373,362	388,368	374,450	104,258
Educational Services	1,068,251	1,090,133	1,110,765	1,134,340	303,070
Health Care and Social Assistance	976,605	944,806	957,888	969,161	262,102
Arts, Entertainment, and Recreation	195,013	210,190	193,151	202,420	61,498
Accommodation and Food Services	647,413	694,634	750,433	809,174	225,560
Other Services, except Public Administration	164,896	168,093	174,815	180,855	46,466
Public Administration	740,668	758,141	725,732	719,794	191,985

Source: Louisiana Workforce Commission.

Construction

The New Orleans CityBusiness Top Construction Projects 2014, published on February 21, 2014, lists the top construction projects taking place at that time within the MSA. The following construction projects are partially or wholly within the city limits of New Orleans:

PROJECTS	TOTAL COSTS
Orleans Parish Public School Rebuild	\$1.8 Billion
University Medical Center	\$1.06 Billion
New Orleans Street Repairs	\$1.0+ Billion
Veterans Affairs Hospital	\$995 Million
Dyno Nobel Ammonia Plant	\$850 Million
Nine Mile Point Power Plant	\$721 Million
Permanent Closure and Pump Stations	\$614 Million
Iberville Redevelopment	\$600 Million
Orleans Parish Prison	\$224 Million
South Market District	\$200 Million

Housing

The Real Estate Market Data Center for the Institute for Economic Development & Real Estate of the University of New Orleans periodically publishes its *Real Estate Market Analysis New Orleans and Northshore Regions*, a recent edition being dated April 2014 (the “Analysis”). According to the Analysis, average prices in this sector of the market continue to rise. Average prices rose across all three major submarket sectors for the second year running.

Single family home prices in the Parish between 2012 and 2013 rose at an average of just over 9.4% from \$255,446 to \$279,369. This was driven largely due 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. Unit sales in the Parish rose 9.7% from 2,302 in 2012 to 2,525, in 2013, while at the same time aggregate dollar volume of sales increased 20%, from \$588.0 million to \$705.4 million

Average prices rose in fifteen of seventeen MLS neighborhoods comprising Central Orleans at appreciation rates ranging from 3.59% in the Garden District (from \$410,000 to \$425,041) to 44.8% in the Ninth Ward/ Bywater area (\$55,386 to \$77,299). Double digit price appreciation for broker assisted sales also occurred in the Carrollton area (34.21%), Marigny/Bywater (29.27%) and Uptown/Fountainbleau (18.72%). Some neighborhoods experienced fairly significant price compression through 2013. This included neighborhoods such as the Peoples-St. Bernard area (-0.43%) and the Lakefront area (-1.88%).

In Eastern New Orleans, between 2012 and 2013 unit sales rose from 376 to 414 (10.1%) and aggregate dollar volume rose from \$39.6 million to \$44.3 million (11.9%). At the same time average prices rose by just over 1.7% (from \$105,472 to \$107,232) and average marketing time dropped from 129 days in 2012 to 123 days in 2013 or by just over 6%. Average prices increased in five of the six MLS neighborhoods that encompass Eastern New Orleans ranging from 0.09% (from \$57,737 to \$57,787) in West Chef Menteur Highway neighborhood to 26.99% (from \$95,102 to \$120,772) in East New Orleans. In the East Chef Menteur Highway neighborhood average prices among 94 broker assisted sales recorded approximately 10.07% increase (from \$94,455 to \$103,965), while in Morrison Road, average prices among 92 units sold decreased by 2.5% from \$76,079 in 2012 to \$74,180 in 2013. The Lake Forest Neighborhood accounted for the largest volume of unit and dollar volume of sales. In this MLS average home prices rose 2.21% (from \$149,622 to 152,924). This MLS area encompasses one of the largest geographic sectors of the New Orleans region south of Lake Pontchartrain and includes a fairly large inventory of housing which was destroyed or received significant storm damage. As such, price movements in this area can be expected to be somewhat erratic depending upon the type and number of units which reenter inventory from one year to the next.

Sale volumes on the Westbank of Orleans Parish between 2012 and 2013 rose by 12.0% and 31.2% in units and aggregate dollar volume, respectively. At the same time, the average price of a single family home edged up 17.1% from \$136,832 to \$160,240 as average marketing time shortened from 107 to 101 days. Average prices in the Algiers and Lakewood MLS neighborhoods rose by 18.01% and 3.6%, respectively, while in the English Turn area average prices among 32 broker assisted sales fell by approximately 0.11% (from \$514,594 to \$514,016). The Algiers and Lakewood areas of Algiers offer a rather wide variety and mix of affordable workforce housing in the region. The development of the Federal City project should help to fuel demand for some of this inventory and bring some stability to this market sector's single family housing prices which have been in steady decline since 2007.

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 (including public charter 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>
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
2009-10	39,966	40,308.7	37,126.5
2010-11	41,630	41,771.3	38,820.7

* 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 18,556 students attending private and parochial schools in the City.

Institutions of higher education located in the City include:

<u>Institution</u>	<u>Fall Enrollment</u>					
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
University of New Orleans	11,436	11,724	11,276	10,903	10,071	9,323
Tulane University	11,157	11,799	12,622	13,359	13,401	13,462
Loyola University New Orleans	4,634	4,910	4,982	5,179	5,105	4,864
Southern University at New Orleans	3,105	3,141	3,166	3,245	3,480	3,176
Xavier University of Louisiana	3,204	3,320	3,391	3,399	3,177	3,121
Dillard University	851	1,017	1,188	1,249	1,307	1,183
Our Lady of Holy Cross College	1,296	1,305	1,260	1,212	1,171	1,260
	<u>35,683</u>	<u>37,216</u>	<u>37,885</u>	<u>38,643</u>	<u>37,712</u>	<u>36,389</u>

Source: *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 2013 Fall enrollment of 18,684, the LSU Health Sciences Center-New Orleans, with a 2013 Fall enrollment of 2,831, 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 2013, 9.3 million visitors, reaching 92% of the Pre-Katrina figure. Visitor’s spent over \$6.5 billion in 2013, the highest spending in the City’s history. The City’s distinctive music and festivals, including Mardi Gras, all contribute to its attractiveness to tourists.

The City is Number 6 on the list of 2013 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 fourth consecutive year that the City has been named to the list. The City has also made the domestic (5th) list of TripAdvisor’s 2014 Travelers’ Choice Destination List. In Travel+Leisure magazine’s Best of 2013 Awards, the City was named Number 1 Favorite City and Best City to Visit. The City’s music scene also ranked Number 1.

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.

Over 10,000 specimens of marine life representing 530 species are presented in exhibits at the Aquarium. The Aquarium is completing a new renovation designed to enhance the experience for visitors of all ages.

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.

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 the 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.

The Zoo was named to TripAdvisor’s list of the Top 10 Zoos in the U.S. for 2012, as selected by its members.

The **Mercedes-Benz 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 \$360 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 hosted the 2012 Division I College Football BCS Championship Game, the 2012 NCAA Men’s Final Four and the 2013 NFL Super Bowl.

On October 3, 2011, Mercedes-Benz and the New Orleans Saints reached a 10 year naming rights agreement. The name of the Superdome was changed from the Louisiana Superdome to its current name as a result.

The **Smoothie King Center**, a \$110 million sports and entertainment facility on a 13 acre site south of the Louisiana Superdome, opened on October 30, 1999. The center 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 Pelicans**, 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. As part of a recent lease extension with the Pelicans, \$50 million in improvements are planned for the Center to be complete in two phases. The completion of phase one was completed in October 2013, and includes 16 new loge boxes in the lower level, upgraded concession stands, new 12,000 square foot Chairmans club, expanded Capital One club, 56 suites upgraded and new locker rooms. Phase two is expected to begin in the spring of 2014, after the Pelicans' season ends, and will include outside renovations.

On February 6, 2014, Smoothie King and the New Orleans Pelicans reached a 10 year naming rights agreement. The name of the Center was changed from the New Orleans Arena to its current name as a result.

The **National World War II Museum**, formally the **D-Day Museum** (the "Museum"), is an attraction with great attendance. Veterans from every military service have attended this world class facility. A \$300 million expansion is currently under way, and is expected to be completed in 2015. This expansion will quadruple the size of the original Museum. 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 was held in the City in 2013. Adults may continue to find entertainment in the river boat and land based **casinos** located in the area. Harrah's Casino is located in the Heart of the City and includes more than 3,800 slot machines, casino table games and more than 20 poker tables. 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 home to the 6th 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 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 \$52 million renovation project on the Convention Center began in December 2011, and was completed in January 2013. The NFL Shop of Super Bowl XLVII opened immediately after a ribbon cutting ceremony that included representatives from the City of New Orleans and the NFL.

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 9.2 million in 2013. 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 has continued to increase since 2008; the number of passengers in 2013 was 9,207,636.

The Airport is currently served by the following domestic carriers: American Airlines; Air Tran Airways; Delta Air Lines; Frontier; JetBlue; Midwest; Southwest; United Airlines; and US Airways. Of these, Southwest accounts for approximately 38% 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 2012, the Airport offered 137 daily departures to 36 cities across the United States, with an average daily seat capacity of 16,948.

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

Domestic freight and mail is handled at the Airport by American, Delta, Frontier, Southwest, United, US Airways, Federal Express, and UPS. Air Cargo for 2004 totaled approximately 80,938.35 metric tons, compared to approximately 42,085.31 metric tons handled in 2013.

Prior to Super Bowl XLVII, the Airport completed a \$300 million modernization and expansion project, which included expanding its ticketing lobby, an additional six gates and a consolidated rental car facility.

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.

In 2011, the Port added Royal Caribbean Cruise Line to its two distinct cruise terminals, Carnival Cruises and Norwegian Cruise Line. Once a year, the American Canadian Caribbean Line provides two 14 day cruises from the Port, traveling to and from Mid-America and the Gulf. In October 2013, the Norwegian Jewel debuted in New Orleans. The 2,376 - passenger ship will offer cruises starting on October 13, 2013 to April 13, 2014. Beginning April 20, 2014 New Orleans largest cruise ship, the 3,646 passenger Carnival Dream, will offer year-round seven day services to three different itineraries. Not only has the City reached Pre-Katrina numbers, but it also set a new passenger record with 987,860 passengers in 2013.

In addition to the large cruise lines, inland cruising has returned to the City, with options to cruise various segments of the Mississippi River from New Orleans to St. Paul, Minnesota.

There have been many expansion and renovation projects in progress in connection with the Port to facilitate cargo operations. The Port recently completed its \$7.7 million expansion and renovation project to the Alabo Street Wharf, as well as its \$17.5 million improvement project of the Julia Street Terminal. Expansion of the Napoleon Avenue Container Terminal Complex has been completed, and construction of the Mississippi River Intermodal Terminal and Yard Improvements, a 12 acre freight rail intermodal terminal and a 4 acre cargo marshalling yard near the Napoleon Terminal Complex, is currently underway. A new riverfront cold storage facility at the Henry Clay Avenue Terminal was completed and opened in July 2012. Additional design and construction projects are to begin within the year.

Activity at the Port may be limited or decrease as a result of factors outside the control of the City, such as labor relations, tariffs, economic and river conditions and other matters.

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Recent National Recognition of the City and Region

The City and the Greater New Orleans Region have recently been recognized by multiple publications for various achievements and accomplishments, including the following:

General

- GNO, Inc. was ranked as the #2 Economic Development Organization in the U.S. in 2013 [*Business Facilities*]
- Greater New Orleans is the #2 Boomtown in America in 2013, due to population and GDP growth [*Bloomberg*]
- New Orleans was ranked the #2 “Aspirational” City in the USA based on economy, demographics and quality of life [*Daily Beast, July 30, 2013*]
- New Orleans was named the #1 City (of 475) for Employment, Income, and Population [*NerdWallet, June 10, 2013*]
- Greater New Orleans was named the 2012 #3 Big City Winning IT Jobs Battle [*Forbes*]
- Greater New Orleans was named the #1 Most Improved Metro in the USA [*Wall Street Journal*]
- Greater New Orleans was ranked #1 for the Decade for Major Economic Development Wins in the South [*Southern Business & Development*]
- Greater New Orleans was named #1 Most Cost-Friendly for Business in the USA [*KPMG*]
- Greater New Orleans is #1 in the USA for Export Growth, over 400% [*US Chamber of Commerce*]
- Greater New Orleans was named #2 in Post - Recession Performance in the USA in 2013 [*Brookings Inst.*]
- New Orleans was ranked a Top 20 “City of Possibility” in the World (1 of only 2 in USA) [*Good Magazine*]
- Greater New Orleans is #6 for creating middle-income jobs in the USA [*Forbes*]

Talent / Workforce

- New Orleans was ranked #1 on the list of “America’s Biggest Brain Magnets” for attracting people under 25 with college degrees [*Forbes*]
- Greater New Orleans is #1 in the USA for In-Migration of “Workers in their Prime” (35-49 years old) [*Forbes*]
- Greater New Orleans was ranked #1 Brainpower City in the U.S.A. [*Forbes*]
- Greater New Orleans is Top 5 in the USA for increasing share of “Millennial (22-32) Jobs” [*CareerBuilder*]

Entrepreneurship

- New Orleans was ranked the #6 Best City for Young Entrepreneurs [*Under30CEO.Com*]
- New Orleans Leads the USA by 56% in number of startups-per-capita [*GNO Community Data Center*]
- Louisiana was rated the #2 State in the USA to Start a Company [*Tax Foundation + KPMG*]

Quality of Life

- New Orleans received the 2012 World Tourism Award [*Reed Travel Exhibitions*]
- New Orleans named America's Favorite City, and a Top 10 City in the World [*Travel + Leisure*]
- New Orleans named the 2012 Best American City to Visit [*Travel + Leisure*]
- New Orleans was ranked in the Top 10 Cities in the U.S. in the 2012 Readers' Choice Awards [*Condé Nast Traveler*]
- New Orleans was ranked #5 destination in Top U.S. Cities in the U.S. & Canada [*Travel + Leisure*]
- New Orleans was ranked #1 Nightlife Destination in the World [*Travel + Leisure*]
- New Orleans was named "Americas Best City for School Reform" [*Thomas B. Fordham Institute*]
- New Orleans ranked in the Top 5 "Most Affordable Cities for Households" in the USA [*Intuit*]

For further information, see the website of Greater New Orleans, Inc., a regional economic development alliance, at <http://gnoinc.org/news/awards-and-rankings/>.

ANNUAL FINANCIAL STATEMENTS

OF THE

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

FOR THE YEAR ENDED DECEMBER 31, 2013

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**CITY OF NEW ORLEANS
BOARD OF LIQUIDATION
CITY DEBT
ANNUAL STATEMENT
DECEMBER 31, 2013**

www.bolcd.com

BOARD OF LIQUIDATION, CITY DEBT
NEW ORLEANS, LOUISIANA
DECEMBER 31, 2013

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BOARD OF LIQUIDATION, CITY DEBT
 NEW ORLEANS, LOUISIANA
 DECEMBER 31, 2013

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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, makeup 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.

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David W. Gernhauser, Secretary
Tracy David Madison, Assistant Secretary

COUNSEL

Beirne, Maynard & Parsons, LLP

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Board of Liquidation, City Debt

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www.boardofliquidation.com

January 2, 2014

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, 2013, 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 Garden District Security Tax District, Huntington Park Subdivision Improvement District, the Kingswood Subdivision Improvement District, the Lake Barrington Subdivision Improvement District, the Lake Bullard Neighborhood Improvement District, the Lake Carmel Subdivision 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, 2013

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 year ended December 31, 2013. The Board's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures 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 include:

- The Combining Statement of Assets, Liabilities, and Net Position - Modified Cash Basis
- Combining Statement of Cash Receipts, Disbursements and Changes in Net Position - Modified Cash Basis
- The Notes to Financial Statements - Modified Cash Basis

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

BOARD OF LIQUIDATION, CITY DEBT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
DECEMBER 31, 2013

Basic Financial Statements

The Combining Statement of Assets, Liabilities, and Net Position - Modified Cash Basis presents 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 Net Position - Modified Cash Basis, reports the Board's inflows and outflows of cash and other changes in net position. 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 - Modified Cash Basis, 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.

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, and Net Position - Modified Cash Basis for all activities administered by the Board
- Combining Schedules of Cash Receipts, Disbursements and Changes in Net Position - Modified Cash Basis for all activities administered by the Board
- Details of bond sales during the year
- Details of bonded debt administered by the Board
- Details of ad valorem tax millage available to service bonded debt
- Details of certain disbursements made during the year.

BOARD OF LIQUIDATION, CITY DEBT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
DECEMBER 31, 2013

Financial Analysis of the Board's Funds

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

Fiduciary Funds

The Restricted Net Position Debt service and reserve funds in the Debt Administration section of the financial report have a balance of \$72,988,487. The Tax Credit Bond loan payable balance of \$96,288,138 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 in July of 2006. 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 2013. The 2013 millage levy is 25.5 mills, remaining the same as 2012.

The following table provides a summary of the Board's Assets, Liabilities, and Net Position and the related changes in Receipts over Disbursements:

	Debt Administration		
	2013	2012	Changes
Assets	\$ 98,160,805	\$ 95,790,110	\$ 2,370,695
Liabilities	<u>25,172,318</u>	<u>26,570,229</u>	<u>(1,397,911)</u>
Net Position	<u>\$ 72,988,487</u>	<u>\$ 69,219,881</u>	<u>\$ 3,768,606</u>
Receipts	\$ 192,520,865	\$ 449,484,574	\$ (256,963,709)
Disbursements	<u>190,150,170</u>	<u>448,137,450</u>	<u>(257,987,280)</u>
Excess of Receipts Over (Under) Disbursements	<u>\$ 2,370,695</u>	<u>\$ 1,347,124</u>	<u>\$ 1,023,571</u>

BOARD OF LIQUIDATION, CITY DEBT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
DECEMBER 31, 2013

	Custodial Funds		
	2013	2012	Changes
Assets	\$ 9,309,965	\$ 21,456,370	\$ (12,146,405)
Liabilities	<u>71,361,773</u>	<u>86,587,676</u>	<u>(15,225,903)</u>
Net Position	<u>\$ (62,051,808)</u>	<u>\$ (65,131,306)</u>	<u>\$ 3,079,498</u>
Receipts	\$ 65,023,345	\$ 68,058,282	\$ (3,034,937)
Disbursements	<u>77,169,750</u>	<u>89,626,746</u>	<u>(12,456,996)</u>
Excess of Receipts Over (Under) Disbursements	<u>\$ (12,146,405)</u>	<u>\$ (21,568,464)</u>	<u>\$ 9,422,059</u>
	Totals		
	2013	2012	Changes
Assets	\$ 107,470,770	\$ 117,246,480	\$ (9,775,710)
Liabilities	<u>96,534,091</u>	<u>113,157,905</u>	<u>(16,623,814)</u>
Net Position	<u>\$ 10,936,679</u>	<u>\$ 4,088,575</u>	<u>\$ 6,848,104</u>
Receipts	\$ 257,544,210	\$ 517,542,856	\$ (259,998,646)
Disbursements	<u>267,319,920</u>	<u>537,764,196</u>	<u>(270,444,276)</u>
Excess of Receipts Over (Under) Disbursements	<u>\$ (9,775,710)</u>	<u>\$ (20,221,340)</u>	<u>\$ 10,445,630</u>

Key Changes in Assets and Liabilities include:

- Assets increased \$2,370,695 in debt administration due to additional general obligation bond ad valorem tax receipts.
- Assets decreased \$12,146,405 in the custodial accounts due to payment and transfer of debt.

BOARD OF LIQUIDATION, CITY DEBT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
DECEMBER 31, 2013

Key changes in Receipts include:

Debt Administration

- Current year ad valorem tax receipts increased \$5,350,474 due to the increase in assessments.
- Bond proceeds decreased \$296,697,304 due to the refunding in 2012 which was not present in 2013.
- Debt service funds increased \$34,540,677.
- Interest on investments increased \$29,956 due to the increase in tax collections.

Custodial Accounts

- Current year ad valorem taxes increased \$3,938,238 due to the increase in assessments.
- Interest on investments decreased \$24,272.
- Revenue Sharing - State of Louisiana increased \$175,221.
- Bond proceeds decreased \$6,896,679.
- Fee - Current year increased \$25,095.
- Fee - Prior years increased \$1,644.

Key changes in Disbursements include:

Debt Administration

- Interest payments decreased \$275,842. This decrease follows the payments required under the debt service schedules.
- Principal payments on bonds decreased \$95,761,652. The majority of this decrease was due to refunded bonds called in 2013.
- Funds returned to the City of New Orleans, Sewerage & Water Board, and Audubon Park Commission increased by \$39,710,740. The increase is due to the new Public Improvement Bond proceeds being transferred to the City Treasury.
- Cost of Issuance decreased \$623,154 as a function of less bonds sold in 2013 versus 2012.

BOARD OF LIQUIDATION, CITY DEBT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
DECEMBER 31, 2013

- Personal services increased \$27,804. This is mainly due to an employee retiring and being paid for accumulated annual and sick leave.
- Purchase of securities decreased \$201,114,997. There was no purchase of escrow securities in 2013. There was a large amount of escrow securities purchased in 2012 due to the refunding of bonds.
- Administrative costs related to the Louisiana Department of Health and Hospitals Loan Revenue Bonds increased \$30,483. This is mainly due to additional work needed to pay down the balances due.

Custodial Accounts

- Warrants paid increased \$12,131,007.
- Debt service decreased \$326,060.

Bond Ratings

Bond ratings for the General Obligation Bonds of the City of New Orleans at December 31, 2013 were Standard and Poor's Rating BBB; Fitch Ratings A-; and Moody's Rating Service A3. Although investment grade rated by all three agencies, the City general obligation ratings continue to feel the effects of Hurricanes Katrina and Rita in 2005, as well as the national economic crisis in 2008.

Long-term Debt Administration

At the end of the year, the Board administers total bonded debt outstanding of \$529,463,192 in General Obligation Bonds and \$19,550,000 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 agencies. Debt service is collected from these custodial special taxes to pay debt service on special tax bonds. Debt service on the Revenue Bonds is supported by revenues remitted to the Board on a monthly basis by the Sewerage & Water Board of New Orleans. The Board holds restricted debt service funds for the Sewerage Service Revenue Bonds 2010 sold to the Louisiana Department of Health and Hospitals.

BOARD OF LIQUIDATION, CITY DEBT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)
DECEMBER 31, 2013

Outstanding bonds administered by the Board at December 31, 2013 and 2012 are as follows:

City of New Orleans:	2013	2012
General Obligation Bonds	\$ 529,463,192	\$ 470,076,615
Limited Tax Bonds	19,550,000	21,500,000
	549,013,192	491,576,615
Sewerage & Water Board of New Orleans:		
Drainage System Special Tax Bonds	16,205,000	17,630,000
Sewerage Service Revenue Bonds	135,565,000	148,585,000
Sewerage Service Revenue Bonds Louisiana Department of Health and Hospitals Sewerage Service Subordinate Revenue	3,740	2,310,000
Bonds Louisiana Department of Environmental Quality	8,420,402	9,000,000
Water Revenue Bonds	27,655,000	30,090,000
	187,849,142	207,615,000
Audubon Park Commission:		
Audubon Park Improvement Bonds	1,035,000	1,345,000
Audubon Aquarium Bonds	25,000,000	27,695,000
	26,035,000	29,040,000
Downtown Development District:		
Downtown Development District Bonds	4,900,000	5,205,000
	\$ 767,797,334	\$ 733,436,615

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.bolcd.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, 2013, and the related notes to the financial statements which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used

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

and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Board of Liquidation, City Debt, as of December 31, 2013, and cash receipts, disbursements and changes in liabilities, custodial, debt service and reserve fund balances thereof for the year then ended in accordance with the basis of accounting described in Note B.

Other Matters

Required Supplementary Information

The modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Liquidation, City Debt's basic financial statements. The Composition and Authority of the Board of Liquidation, City Debt, the Letter of Transmittal, and the accompanying supplemental information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The composition and transmittal sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink that reads "Paciera, Gautreau & Priest, LLC". The signature is written in a cursive, flowing style.

March 24, 2014

FINANCIAL STATEMENTS

BOARD OF LIQUIDATION, CITY DEBT
 COMBINING STATEMENT OF ASSETS, LIABILITIES
 AND NET POSITION - MODIFIED CASH BASIS
 DECEMBER 31, 2013

	Debt Administration	Account of Sewerage & Water Board
<u>ASSETS</u>		
Cash	\$ 513,020	\$ 216,476
Money market accounts	97,647,785	4,628,020
<i>Total Assets</i>	\$ 98,160,805	\$ 4,844,496
 <u>LIABILITIES AND NET POSITION</u>		
LIABILITIES:		
Interest payable	\$ 87,778	\$ 0
Principal payable	158,175	0
Tax Credit Bond loan payable	24,926,365	69,917,529
<i>Total Liabilities</i>	25,172,318	69,917,529
 NET POSITION:		
Restricted for:		
Debt service:		
Reserve funds	54,005,893	0
Debt service funds	18,982,594	0
Other purposes:		
Custodial funds (deficit)	0	(65,073,033)
<i>Total Net Position</i>	72,988,487	(65,073,033)
<i>Total Liabilities and Net Position</i>	\$ 98,160,805	\$ 4,844,496

See accompanying notes to financial statements.

Account of Downtown Development District	Account of Audubon Park Commission	Accounts of Special Taxing Districts	Total (Memorandum Only)
\$ 2,235	\$ 860	\$ 0	\$ 732,591
2,468,693	0	1,993,681	106,738,179
<u>\$ 2,470,928</u>	<u>\$ 860</u>	<u>\$ 1,993,681</u>	<u>\$ 107,470,770</u>
\$ 0	\$ 0	\$ 0	\$ 87,778
0	0	0	158,175
1,444,244	0	0	96,288,138
<u>1,444,244</u>	<u>0</u>	<u>0</u>	<u>96,534,091</u>
0	0	0	54,005,893
0	0	0	18,982,594
1,026,684	860	1,993,681	(62,051,808)
<u>1,026,684</u>	<u>860</u>	<u>1,993,681</u>	<u>10,936,679</u>
<u>\$ 2,470,928</u>	<u>\$ 860</u>	<u>\$ 1,993,681</u>	<u>\$ 107,470,770</u>

BOARD OF LIQUIDATION, CITY DEBT
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND
 CHANGES IN NET POSITION - MODIFIED CASH BASIS
 YEAR ENDED DECEMBER 31, 2013

	<u>Debt Administration</u>	<u>Account of Sewerage & Water Board</u>
<u>RECEIPTS</u>		
Ad valorem taxes - Current year	\$ 72,436,920	\$ 44,727,587
Ad valorem taxes - Prior years	2,045,795	1,341,233
Bond proceeds	39,709,340	1,432,127
Bond proceeds - Good faith deposit	400,000	0
Fee - Current year	0	0
Fee - Prior years	0	0
Revenue sharing - State of Louisiana	0	451,491
Debt service funds	76,330,397	0
Debt service - reserve funds - Capitalized interest escrow	296,771	0
Debt service funds - Federal subsidy - Taxable Build America Bonds	1,010,631	0
Interest on investments	238,554	65,486
Excess reserve and debt service funds	52,457	27,967
<i>Total Receipts</i>	192,520,865	48,045,891
<u>DISBURSEMENTS</u>		
Interest on bonds	59,845,755	0
Interest on bonds - Tax Credit Bond Loan	5,238,094	0
Principal on bonds	78,586,423	0
Principal on bonds - Tax Credit Bond Loan	5,905,512	0
Premium on bonds	25	0
Administrative expenses - LADHH	49,279	0
Warrants	0	56,373,253
Debt service	0	2,619,281
Personal services	416,404	0
Contractual services	84,572	0
Office expenses	33,424	0
Funds returned to City of New Orleans, Sewerage & Water Board, and Audubon Park Commission	39,760,222	0
Cost of issuance	230,460	0
<i>Total Disbursements</i>	190,150,170	58,992,534
Excess of Receipts Over (Under) Disbursements	2,370,695	(10,946,643)
<u>OTHER SOURCES</u>		
Change in accrued liabilities:		
Principal on bonds	5,025	0
Tax Credit Bond Loan payments	1,375,928	3,859,427
Tax Credit Bond Loan transfers	0	0
Cost of issuance payable	16,917	0
Interest payable	41	0
<i>Total Other Sources</i>	1,397,911	3,859,427
Change in Net Position	3,768,606	(7,087,216)
Net Position at:		
Beginning of Year	69,219,881	(57,985,817)
End of Year	\$ 72,988,487	\$ (65,073,033)

See accompanying notes to financial statements.

Account of Downtown Development District	Account of Audubon Park Commission	Accounts of Special Taxing Districts	Total (Memorandum Only)
\$ 5,587,922	\$ 9,010,674	\$ 978,072	\$ 132,741,175
82,852	270,178	18,775	3,758,833
0	0	0	41,141,467
0	0	0	400,000
0	0	971,788	971,788
0	0	43,411	43,411
0	0	0	451,491
0	0	0	76,330,397
0	0	0	296,771
0	0	0	1,010,631
5,359	1,288	6,311	316,998
363	461	0	81,248
<u>5,676,496</u>	<u>9,282,601</u>	<u>2,018,357</u>	<u>257,544,210</u>
0	0	0	59,845,755
0	0	0	5,238,094
0	0	0	78,586,423
0	0	0	5,905,512
0	0	0	25
0	0	0	49,279
5,243,603	5,545,097	1,947,000	69,108,953
593,078	4,848,321	0	8,060,680
0	0	0	416,404
0	0	0	84,572
0	0	117	33,541
0	0	0	39,760,222
0	0	0	230,460
<u>5,836,681</u>	<u>10,393,418</u>	<u>1,947,117</u>	<u>267,319,920</u>
<u>(160,185)</u>	<u>(1,110,817)</u>	<u>71,240</u>	<u>(9,775,710)</u>
0	0	0	5,025
79,722	590,434	0	5,905,511
0	10,696,320	0	10,696,320
0	0	0	16,917
0	0	0	41
<u>79,722</u>	<u>11,286,754</u>	<u>0</u>	<u>16,623,814</u>
(80,463)	10,175,937	71,240	6,848,104
<u>1,107,147</u>	<u>(10,175,077)</u>	<u>1,922,441</u>	<u>4,088,575</u>
<u>\$ 1,026,684</u>	<u>\$ 860</u>	<u>\$ 1,993,681</u>	<u>\$ 10,936,679</u>

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BOARD OF LIQUIDATION, CITY DEBT
NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS
DECEMBER 31, 2013

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 limited tax bonds issued for the Sewerage & 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.

BOARD OF LIQUIDATION, CITY DEBT
NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS
(Continued)
DECEMBER 31, 2013

General Information (Continued)

The Board requires as a condition of such approval that:

- 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,
- the proposed bond issue comply with any applicable legal debt limitation, and
- 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.

The Board issues bonds for the Sewerage & 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 & 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.

BOARD OF LIQUIDATION, CITY DEBT
NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS
(Continued)
DECEMBER 31, 2013

General Information (Continued)

In addition, the Board serves in a custodial capacity for the accounts of the:

- Sewerage & Water Board of New Orleans,
- Downtown Development District of New Orleans,
- Audubon Park Commission of New Orleans,
- Lake Forest Estates Improvement District,
- Garden District Security Tax District,
- Spring Lake Improvement District,
- Lake Barrington Subdivision Improvement District,
- Lake Bullard Neighborhood Improvement District,
- Lake Carmel Subdivision Improvement District,
- Lake Oaks Subdivision Improvement District,
- Huntington Park Subdivision Improvement District,
- McKendall Estates Neighborhood Improvement District,
- Upper Hurstville Security District,
- Touro-Bouligny Security District,
- Kingswood Subdivision Improvement District, and
- 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.

BOARD OF LIQUIDATION, CITY DEBT
NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS
(Continued)
DECEMBER 31, 2013

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, certain cost of issuance and the tax credit bond loan proceeds, which are reflected as liabilities when the obligation is incurred.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. Net position for debt service is restricted by enabling legislation. Net position restricted for other purposes include the amounts held on behalf of the special taxing districts.

The Account of Sewerage and Water Board has a deficit net position due to the Gulf Opportunity Tax Credit Bond Loan Program disclosed in Note F.

BOARD OF LIQUIDATION, CITY DEBT
NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS
(Continued)
DECEMBER 31, 2013

C. Bank Balances

At December 31, 2013, the Board's deposits with banks consisted of cash and money market accounts as follows:

Demand accounts	\$ 732,591
Money market accounts	<u>106,738,179</u>
Total Bank Balances	\$ <u>107,470,770</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	\$ 732,591
Collateralized	<u>106,738,179</u>
Total Bank Balances	\$ <u>107,470,770</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, 2013 the Board's liability for annual and sick leave totaled \$148,392.

BOARD OF LIQUIDATION, CITY DEBT
NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS
(Continued)
DECEMBER 31, 2013

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) 658-1850

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 amounts are reduced for service retirement prior to age sixty-two. Average compensation is defined as average earned annual compensation for the highest sixty 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 6% of their salary in 2013. 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, using the level percentage of payroll method. The Board's contributions to the Plan during the year totaled \$52,888 and is included in 'Personal services'.

BOARD OF LIQUIDATION, CITY DEBT
NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS
(Continued)
DECEMBER 31, 2013

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 & Water Board of New Orleans, and
 - Paying outstanding sewerage revenue and water revenue bonds of the Sewerage & Water Board.

The loan proceeds were distributed to the Bank of New York, the Board's paying agent, as debt service maturities became payable. Once transferred, the debt service payments were made and the loan proceeds were recorded as loans payable in the appropriate custodial accounts.

These loans matured on July 15, 2012, at which time the borrower applied for a five year deferment, which was denied by the Louisiana Office of Administration. All borrowers have elected to make semi-annual payments in accordance with the fifteen year debt service schedule that ends on July 15, 2026.

In July 2006 \$24,713,549 was borrowed to make fiscal year 2006 debt service payments for general obligation bonds. The balance payable as of December 31, 2013 is \$22,305,619.

In July 2006 \$2,903,660 was borrowed to make the debt service payment that was due September 1, 2006 and March 1, 2007 debt service payment for the City of New Orleans Limited Tax bonds. The balance payable as of December 31, 2013 is \$2,620,746.

BOARD OF LIQUIDATION, CITY DEBT
NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS
(Continued)
DECEMBER 31, 2013

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

In July 2006 the Downtown Development District borrowed \$1,600,153 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. The balance payable as of December 31, 2013 is \$1,444,244.

In July 2006 the Audubon Commission borrowed \$11,851,006 to make the debt service payments on their tax bond issues 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. Initially, the Board of Liquidation recorded the loan and made debt service payments; however, beginning in 2013, by virtue of the Cooperative Endeavor Agreement between the Audubon Park Commission, City of New Orleans and State of Louisiana, this loan was transferred to the Audubon Commission. Accordingly, all of the debt service due on the Audubon Park Commission loan subsequent to this transfer is to be paid directly from the Audubon Park Commission to the State of Louisiana. During the year ended December 31, 2013 the Board made a principle payment of \$590,434 to the State of Louisiana and transferred the remaining \$10,696,320 to the Audubon Commission. As of December 31, 2013, the balance payable reflected in these financial statements is \$0.

In July 2006, the Sewerage & Water Board of New Orleans borrowed \$77,465,247. \$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. As of December 31, 2013 the balance payable is \$69,917,529.

G. Bond Sale

On March 1, 2013, the City of New Orleans, through the Board of Liquidation, City Debt, entered into a transaction whereby it issued \$40,000,000 of Taxable Public Improvement Bonds, Issue of 2013A, at a discount of \$290,660 below par for the purpose of improvements to major and minor streets,

BOARD OF LIQUIDATION, CITY DEBT
NOTES TO FINANCIAL STATEMENTS-MODIFIED CASH BASIS
(Continued)
DECEMBER 31, 2013

Bond Sale (Continued)

including rehabilitation, reconstruction, base stabilization, drainage adjustments and related sidewalks, curbing, bridge replacement and improvement, urban systems, traffic signal control, improvements required under the Americans with Disabilities Act, and related administrative and maintenance facilities. Debt service is due on June 1 and December 1, of each year beginning June 1, 2013 through December 1, 2042.

H. Subsequent Bond Sale

On December 11, 2013, the City of New Orleans, through the Board of Liquidation, City Debt, issued \$40,000,000 Taxable Public Improvement Bonds, Issue of 2014A, at a discount of \$406,563 below par. The bond closing was January 21, 2014, with \$39,593,437 of bond proceeds transferred to the Treasury Department of the City of New Orleans. Debt service is due on June 1, and December 1, of each year and the 2014 millage levy includes and is sufficient to meet the additional debt service requirement.

I. Change in Accounting Principle

For 2013, the Board implemented Governmental Accounting Standards Board (GASB) Statement Number 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". GASB No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Board's 2013 financial statements; however, there was no effect on beginning net position/fund balance.

J. 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. Inter-fund 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 AND NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2013

	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	\$ 360,327	\$ 0	\$ 287	\$ 80	\$ 23,905
Money market accounts	58,538,813	5,149,496	95,358	0	90,775
<i>Total Assets</i>	<u>\$ 58,899,140</u>	<u>\$ 5,149,496</u>	<u>\$ 95,645</u>	<u>\$ 80</u>	<u>\$ 114,680</u>
<u>LIABILITES AND NET POSITION</u>					
Liabilities:					
Interest payable	\$ 38,554	\$ 0	\$ 0	\$ 80	\$ 5,755
Principal payable	74,300	0	0	0	18,150
Tax Credit Bond loan payable	22,305,619	2,620,746	0	0	0
<i>Total Liabilites</i>	<u>22,418,473</u>	<u>2,620,746</u>	<u>0</u>	<u>80</u>	<u>23,905</u>
Net Position:					
Reserve funds	33,375,271	0	0	0	0
Debt service funds	3,105,396	2,528,750	95,645	0	90,775
<i>Total Net Position</i>	<u>36,480,667</u>	<u>2,528,750</u>	<u>95,645</u>	<u>0</u>	<u>90,775</u>
<i>Total Liabilities and Net Position</i>	<u>\$ 58,899,140</u>	<u>\$ 5,149,496</u>	<u>\$ 95,645</u>	<u>\$ 80</u>	<u>\$ 114,680</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	\$ 22,938	\$ 37,142	\$ 710	\$ 2,124	\$ 57,946	\$ 513,020
5,195,896	28,005,772	0	307,127	264,548	0	97,647,785
<u>\$ 5,203,457</u>	<u>\$ 28,028,710</u>	<u>\$ 37,142</u>	<u>\$ 307,837</u>	<u>\$ 266,672</u>	<u>\$ 57,946</u>	<u>\$ 98,160,805</u>
\$ 2,506	\$ 810	\$ 12,142	\$ 710	\$ 0	\$ 27,221	\$ 87,778
5,000	5,000	25,000	0	0	30,725	158,175
0	0	0	0	0	0	24,926,365
<u>7,506</u>	<u>5,810</u>	<u>37,142</u>	<u>710</u>	<u>0</u>	<u>57,946</u>	<u>25,172,318</u>
3,928,380	16,164,124	0	307,088	231,030	0	54,005,893
1,267,571	11,858,776	0	39	35,642	0	18,982,594
<u>5,195,951</u>	<u>28,022,900</u>	<u>0</u>	<u>307,127</u>	<u>266,672</u>	<u>0</u>	<u>72,988,487</u>
<u>\$ 5,203,457</u>	<u>\$ 28,028,710</u>	<u>\$ 37,142</u>	<u>\$ 307,837</u>	<u>\$ 266,672</u>	<u>\$ 57,946</u>	<u>\$ 98,160,805</u>

BOARD OF LIQUIDATION, CITY DEBT
ACCOUNT OF SEWERAGE & WATER BOARD OF NEW ORLEANS
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND
NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2013

	Drainage System Fund 3 mill	Drainage System Fund 6 mill	Drainage System Fund 9 mill
<u>ASSETS</u>			
Cash	\$ 11,826	\$ 940	\$ 125,120
Money market accounts	646,858	942,352	1,586,736
<i>Total Assets</i>	\$ 658,684	\$ 943,292	\$ 1,711,856
 <u>LIABILITES AND NET POSITION</u>			
Liabilities:			
Tax Credit Bond loan payable	\$ 0	\$ 0	\$ 3,912,729
Net Position:			
Custodial fund (deficit)	658,684	943,292	(2,200,873)
<i>Total Liabilities and Net Position</i>	\$ 658,684	\$ 943,292	\$ 1,711,856

Water Revenue Bond Proceeds	Sewerage Service Revenue Bond Proceeds	Total
\$ 1,944	\$ 76,646	\$ 216,476
0	1,452,074	4,628,020
<u>\$ 1,944</u>	<u>\$ 1,528,720</u>	<u>\$ 4,844,496</u>
\$ 6,143,807	\$ 59,860,993	\$ 69,917,529
<u>(6,141,863)</u>	<u>(58,332,273)</u>	<u>(65,073,033)</u>
<u>\$ 1,944</u>	<u>\$ 1,528,720</u>	<u>\$ 4,844,496</u>

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BOARD OF LIQUIDATION, CITY DEBT
ACCOUNT OF DOWNTOWN DEVELOPMENT DISTRICT OF NEW ORLEANS
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND
NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2013

	Special Tax Fund	DDD Bond Proceeds	Total
<u>ASSETS</u>			
Cash	\$ 1,872	\$ 363	\$ 2,235
Money market accounts	2,468,693	0	2,468,693
<i>Total Assets</i>	\$ 2,470,565	\$ 363	\$ 2,470,928
 <u>LIABILITES AND NET POSITION</u>			
Liabilities:			
Tax Credit Bond loan payable	\$ 1,444,244	\$ 0	\$ 1,444,244
Net Position:			
Custodial funds	1,026,321	363	1,026,684
<i>Total Liabilites and Net Position</i>	\$ 2,470,565	\$ 363	\$ 2,470,928

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BOARD OF LIQUIDATION, CITY DEBT
ACCOUNT OF AUDUBON PARK COMMISSION OF NEW ORLEANS
COMBINING SCHEDULE OF ASSETS AND
NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2013

	Aquarium Tax Fund	Special Tax Fund	Total
<u>ASSETS</u>			
Cash	\$ 474	\$ 386	\$ 860
<u>NET POSITION</u>	\$ 474	\$ 386	\$ 860

BOARD OF LIQUIDATION, CITY DEBT
 ACCOUNTS OF SPECIAL TAXING DISTRICTS OF NEW ORLEANS
 COMBINING SCHEDULE OF ASSETS AND
 NET POSITION - MODIFIED CASH BASIS
 DECEMBER 31, 2013

	Garden District Security Tax District	Huntington Park Subdivision Improvement District	Kingswood Subdivision Improvement District	Lake Barrington Subdivision Improvement District	Lake Bullard Neighborhood Improvement District	Lake Carmel Subdivision Improvement District
<u>ASSETS</u>						
Money market accounts	\$ 873,225	\$ 16,627	\$ 100,217	\$ 23,658	\$ 47,977	\$ 70,553
<u>NET POSITION</u>	<u>\$ 873,225</u>	<u>\$ 16,627</u>	<u>\$ 100,217</u>	<u>\$ 23,658</u>	<u>\$ 47,977</u>	<u>\$ 70,553</u>

<u>Lake Forest Estates Improvement District</u>	<u>Lake Oaks Subdivision Improvement District</u>	<u>McKendall Estates Neighborhood Improvement District</u>	<u>Spring Lake Improvement District</u>	<u>Touro- Boulogny Security District</u>	<u>Twinbrook Security District</u>	<u>Upper Hurstville Security District</u>	<u>Total</u>
<u>\$ 113,525</u>	<u>\$ 64,307</u>	<u>\$ 45,589</u>	<u>\$ 39,210</u>	<u>\$ 308,297</u>	<u>\$ 146,372</u>	<u>\$ 144,124</u>	<u>\$ 1,993,681</u>
<u>\$ 113,525</u>	<u>\$ 64,307</u>	<u>\$ 45,589</u>	<u>\$ 39,210</u>	<u>\$ 308,297</u>	<u>\$ 146,372</u>	<u>\$ 144,124</u>	<u>\$ 1,993,681</u>

BOARD OF LIQUIDATION, CITY DEBT
DEBT ADMINISTRATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN NET POSITION - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2013

	General Obligation Bonds	Capital Improvement Limited Tax	LADHH Loan Revenue Bonds	Drainage System Bonds 9 mill
<u>RECEIPTS</u>				
Ad valorem taxes - Current year	\$ 69,419,420	\$ 3,017,500	\$ 0	\$ 0
Ad valorem taxes - Prior years	2,045,795	0	0	0
Bond proceeds	39,709,340	0	0	0
Bond proceeds - Good faith deposit	400,000	0	0	0
Debt service funds	0	0	241	2,619,040
Debt service funds - Capitalized interest escrow	0	0	0	0
Debt service funds - Federal subsidy - Taxable Build America Bonds	1,010,631	0	0	0
Interest on investments	238,554	0	0	0
Excess reserve and debt service funds	0	0	1,576	0
<i>Total Receipts</i>	<u>112,823,740</u>	<u>3,017,500</u>	<u>1,817</u>	<u>2,619,040</u>
<u>DISBURSEMENTS</u>				
Interest on bonds	44,743,128	1,026,250	51,143	791,497
Interest on bonds - Tax Credit Bond Loan	1,220,427	0	0	191,572
Principal on bonds	20,613,423	1,950,000	2,067,000	1,425,000
Principal on bonds - Tax Credit Bond Loan	1,231,264	144,664	0	215,982
Premium on bonds	0	0	0	0
Administrative Expenses	0	0	8,668	0
Personal services	416,404	0	0	0
Contractual services	84,572	0	0	0
Office expenses	33,424	0	0	0
Funds returned to City of New Orleans, Sewerage & Water Board, and Audubon Park Commission	39,709,390	0	0	0
Cost of issuance	230,460	0	0	0
<i>Total Disbursements</i>	<u>108,282,492</u>	<u>3,120,914</u>	<u>2,126,811</u>	<u>2,624,051</u>
Excess of Receipts Over (Under) Disbursements	<u>4,541,248</u>	<u>(103,414)</u>	<u>(2,124,994)</u>	<u>(5,011)</u>
<u>OTHER SOURCES (USES)</u>				
Change in accrued liabilities:				
Principal on bonds	0	0	0	0
Tax Credit Bond Loan payments	1,231,264	144,664	0	0
Tax Credit Bond Loan transfers	(134,730)	134,730	0	0
Cost of issuance payable	16,917	0	0	0
Interest payable	0	0	0	0
<i>Total Other Sources</i>	<u>1,113,451</u>	<u>279,394</u>	<u>0</u>	<u>0</u>
Change in Net Position	5,654,699	175,980	(2,124,994)	(5,011)
Net Position at:				
Beginning of Year	30,825,968	2,352,770	\$ 2,220,639	95,786
End of Year	<u>\$ 36,480,667</u>	<u>\$ 2,528,750</u>	<u>\$ 95,645</u>	<u>\$ 90,775</u>

Water Revenue Bonds	Sewerage Service Revenue Bonds	Audubon Park Commission Bonds	Audubon Park Commission Aquarium Bonds	Downtown Development District Tax Bonds	Defeased Bonds	Total
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 72,436,920
0	0	0	0	0	0	2,045,795
0	0	0	0	0	0	39,709,340
0	0	0	0	0	0	400,000
4,567,547	27,340,907	458,418	4,389,904	593,078	36,361,262	76,330,397
0	0	0	296,771	0	0	296,771
0	0	0	0	0	0	1,010,631
0	0	0	0	0	0	238,554
9,470	40,604	461	0	346	0	52,457
<u>4,577,017</u>	<u>27,381,511</u>	<u>458,879</u>	<u>4,686,675</u>	<u>593,424</u>	<u>36,361,262</u>	<u>192,520,865</u>
1,493,380	7,285,010	69,940	1,234,610	139,494	3,011,303	59,845,755
300,808	2,930,870	48,222	475,483	70,712	0	5,238,094
2,435,000	13,431,000	310,000	2,695,000	305,000	33,355,000	78,586,423
339,136	3,304,310	54,367	536,067	79,722	0	5,905,512
0	0	0	0	0	25	25
0	40,611	0	0	0	0	49,279
0	0	0	0	0	0	416,404
0	0	0	0	0	0	84,572
0	0	0	0	0	0	33,424
9,467	40,541	461	0	363	0	39,760,222
0	0	0	0	0	0	230,460
<u>4,577,791</u>	<u>27,032,342</u>	<u>482,990</u>	<u>4,941,160</u>	<u>595,291</u>	<u>36,366,328</u>	<u>190,150,170</u>
(774)	349,169	(24,111)	(254,485)	(1,867)	(5,066)	2,370,695
0	0	0	0	0	5,025	5,025
0	0	0	0	0	0	1,375,928
0	0	0	0	0	0	0
0	0	0	0	0	0	16,917
0	0	0	0	0	41	41
0	0	0	0	0	5,066	1,397,911
(774)	349,169	(24,111)	(254,485)	(1,867)	0	3,768,606
5,196,725	27,673,731	331,238	254,485	268,539	0	69,219,881
<u>\$ 5,195,951</u>	<u>\$ 28,022,900</u>	<u>\$ 307,127</u>	<u>\$ 0</u>	<u>\$ 266,672</u>	<u>\$ 0</u>	<u>\$ 72,988,487</u>

BOARD OF LIQUIDATION, CITY DEBT
ACCOUNT OF SEWERAGE & WATER BOARD OF NEW ORLEANS
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN NET POSITION - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2013

	LADHH Loan Revenue Bonds	Construction & Extention Fund 2 mill	Drainage System Fund 3 mill
<u>RECEIPTS</u>			
Ad valorem taxes - Current year	\$ 0	\$ 0	\$ 12,686,028
Ad valorem taxes - Prior years	0	241	380,323
Bond proceeds	72,229	0	0
Revenue sharing - State of Louisiana	0	0	451,491
Interest on investments	0	0	22,053
Excess reserve and debt service funds	0	0	0
<i>Total Receipts</i>	<u>72,229</u>	<u>241</u>	<u>13,539,895</u>
<u>DISBURSEMENTS</u>			
Warrants	72,229	0	13,430,464
Debt service	0	241	0
<i>Total Disbursements</i>	<u>72,229</u>	<u>241</u>	<u>13,430,464</u>
Excess of Receipts Over (Under) Disbursements	<u>0</u>	<u>0</u>	<u>109,431</u>
<u>OTHER SOURCES</u>			
Change in accrued liabilities: Tax Credit Bond Loan payments	<u>0</u>	<u>0</u>	<u>0</u>
Change in Net Position	0	0	109,431
Net Position at:			
Beginning of Year	0	0	549,253
End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 658,684</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
\$ 12,821,952	\$ 19,219,607	\$ 0	\$ 0	\$ 0	\$ 44,727,587
384,463	576,206	0	0	0	1,341,233
0	0	0	0	1,359,898	1,432,127
0	0	0	0	0	451,491
31,068	7,052	0	2,328	2,985	65,486
0	0	0	3,716	24,251	27,967
<u>13,237,483</u>	<u>19,802,865</u>	<u>0</u>	<u>6,044</u>	<u>1,387,134</u>	<u>48,045,891</u>
15,335,523	23,370,034	7,704	1,960,167	2,197,132	56,373,253
0	2,619,040	0	0	0	2,619,281
<u>15,335,523</u>	<u>25,989,074</u>	<u>7,704</u>	<u>1,960,167</u>	<u>2,197,132</u>	<u>58,992,534</u>
<u>(2,098,040)</u>	<u>(6,186,209)</u>	<u>(7,704)</u>	<u>(1,954,123)</u>	<u>(809,998)</u>	<u>(10,946,643)</u>
0	215,982	0	339,136	3,304,309	3,859,427
<u>(2,098,040)</u>	<u>(5,970,227)</u>	<u>(7,704)</u>	<u>(1,614,987)</u>	<u>2,494,311</u>	<u>(7,087,216)</u>
3,041,332	3,769,354	7,704	(4,526,876)	(60,826,584)	(57,985,817)
<u>\$ 943,292</u>	<u>\$ (2,200,873)</u>	<u>\$ 0</u>	<u>\$ (6,141,863)</u>	<u>\$ (58,332,273)</u>	<u>\$ (65,073,033)</u>

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BOARD OF LIQUIDATION, CITY DEBT
ACCOUNT OF DOWNTOWN DEVELOPMENT DISTRICT OF NEW ORLEANS
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN NET POSITION - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2013

	<u>Special Tax Fund</u>	<u>DDD Bond Proceeds</u>	<u>Total</u>
<u>RECEIPTS</u>			
Ad valorem taxes - Current year	\$ 5,587,922	\$ 0	\$ 5,587,922
Ad valorem taxes - Prior years	82,852	0	82,852
Interest on investments	5,327	32	5,359
Excess reserve and debt service funds	0	363	363
<i>Total Receipts</i>	<u>5,676,101</u>	<u>395</u>	<u>5,676,496</u>
<u>DISBURSEMENTS</u>			
Warrants	4,884,277	359,326	5,243,603
Debt service	593,078	0	593,078
<i>Total Disbursements</i>	<u>5,477,355</u>	<u>359,326</u>	<u>5,836,681</u>
Excess of Receipts Over (Under) Disbursements	<u>198,746</u>	<u>(358,931)</u>	<u>(160,185)</u>
<u>OTHER SOURCES</u>			
Change in accrued liabilities: Tax Credit Bond Loan payments	<u>79,722</u>	<u>0</u>	<u>79,722</u>
Change in Net Position	278,468	(358,931)	(80,463)
Net Position at:			
Beginning of Year	747,853	359,294	1,107,147
End of Year	<u>\$ 1,026,321</u>	<u>\$ 363</u>	<u>\$ 1,026,684</u>

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BOARD OF LIQUIDATION, CITY DEBT
ACCOUNT OF AUDUBON PARK COMMISSION OF NEW ORLEANS
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN NET POSITION - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2013

	Aquarium Tax Fund	Aquarium Bond Proceeds	Special Tax Fund	Total
<u>RECEIPTS</u>				
Ad valorem taxes - Current year	\$ 8,139,522	\$ 0	\$ 871,152	\$ 9,010,674
Ad valorem taxes - Prior years	244,042	0	26,136	270,178
Interest on investments	0	1,288	0	1,288
Excess reserve and debt service funds	0	0	461	461
<i>Total Receipts</i>	<u>8,383,564</u>	<u>1,288</u>	<u>897,749</u>	<u>9,282,601</u>
<u>DISBURSEMENTS</u>				
Warrants	4,019,771	1,082,726	442,600	5,545,097
Debt service	4,389,904	0	458,417	4,848,321
<i>Total Disbursements</i>	<u>8,409,675</u>	<u>1,082,726</u>	<u>901,017</u>	<u>10,393,418</u>
Excess of Receipts Over (Under) Disbursements	<u>(26,111)</u>	<u>(1,081,438)</u>	<u>(3,268)</u>	<u>(1,110,817)</u>
<u>OTHER SOURCES</u>				
Change in accrued liabilities:				
Tax Credit Bond Loan payments	536,067	0	54,367	590,434
Tax Credit Bond Loan transfers	9,711,413	0	984,907	10,696,320
<i>Total Other Sources</i>	<u>10,247,480</u>	<u>0</u>	<u>1,039,274</u>	<u>11,286,754</u>
Change in Net Position	10,221,369	(1,081,438)	1,036,006	10,175,937
Net Position at:				
Beginning of Year	(10,220,895)	1,081,438	(1,035,620)	(10,175,077)
End of Year	<u>\$ 474</u>	<u>\$ 0</u>	<u>\$ 386</u>	<u>\$ 860</u>

BOARD OF LIQUIDATION, CITY DEBT
 ACCOUNTS OF SPECIAL TAXING DISTRICTS OF NEW ORLEANS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND
 CHANGES IN NET POSITION - MODIFIED CASH BASIS
 YEAR ENDED DECEMBER 31, 2013

	Garden District Security Tax District	Huntington Park Subdivision Improvement District	Kingswood Neighborhood Improvement District	Lake Barrington Subdivision Improvement District	Lake Bullard Neighborhood Improvement District	Lake Carmel Subdivision Improvement District
RECEIPTS						
Ad valorem taxes - Current year	\$ 684,913	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Ad valorem taxes - Prior years	9,532	0	0	0	0	0
Fee - Current year	0	25,146	67,005	59,786	64,350	75,733
Fee - Prior year	0	2,401	7,494	6,930	7,189	10,379
Interest on investments	2,788	55	196	89	169	209
<i>Total Receipts</i>	<u>697,233</u>	<u>27,602</u>	<u>74,695</u>	<u>66,805</u>	<u>71,708</u>	<u>86,321</u>
DISBURSEMENTS						
Warrants	820,000	29,000	0	60,000	40,000	70,000
Office expenses	39	0	0	0	0	0
<i>Total Disbursements</i>	<u>820,039</u>	<u>29,000</u>	<u>0</u>	<u>60,000</u>	<u>40,000</u>	<u>70,000</u>
Change in Net Position	(122,806)	(1,398)	74,695	6,805	31,708	16,321
Net Position at:						
Beginning of Year	996,031	18,025	25,522	16,853	16,269	54,232
End of Year	<u>\$ 873,225</u>	<u>\$ 16,627</u>	<u>\$ 100,217</u>	<u>\$ 23,658</u>	<u>\$ 47,977</u>	<u>\$ 70,553</u>

Lake Forest Estates Improvement District	Lake Oaks Subdivision Improvement District	McKendall Estates Neighborhood Improvement District	Spring Lake Improvement District	Touro-Boulogny Security District	Twinbrook Security District	Upper Hurstville Security District	Total
\$ 0	\$ 0	\$ 0	\$ 0	\$ 293,159	\$ 0	\$ 0	\$ 978,072
0	0	0	0	9,243	0	0	18,775
84,426	109,296	48,015	35,645	0	248,455	153,931	971,788
6,623	696	(2,722)	2,772	0	882	767	43,411
335	207	146	115	923	533	546	6,311
<u>91,384</u>	<u>110,199</u>	<u>45,439</u>	<u>38,532</u>	<u>303,325</u>	<u>249,870</u>	<u>155,244</u>	<u>2,018,357</u>
80,000	107,000	36,000	30,000	240,000	240,000	195,000	1,947,000
0	0	0	0	0	39	39	117
<u>80,000</u>	<u>107,000</u>	<u>36,000</u>	<u>30,000</u>	<u>240,000</u>	<u>240,039</u>	<u>195,039</u>	<u>1,947,117</u>
11,384	3,199	9,439	8,532	63,325	9,831	(39,795)	71,240
102,141	61,108	36,150	30,678	244,972	136,541	183,919	1,922,441
<u>\$ 113,525</u>	<u>\$ 64,307</u>	<u>\$ 45,589</u>	<u>\$ 39,210</u>	<u>\$ 308,297</u>	<u>\$ 146,372</u>	<u>\$ 144,124</u>	<u>\$ 1,993,681</u>

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BOARD OF LIQUIDATION, CITY DEBT
SCHEDULE OF BOND SALES
YEAR ENDED DECEMBER 31, 2013

Taxable Public Improvement Bonds, Issue of 2013A

Sold: January 30, 2013 Delivered: March 1, 2013
Bonds Dated: March 1, 2013, and due December 1, 2014 through December 1, 2042

Average life of issue: 18.628 years
Net Interest Cost: 4.713%
True Interest Cost: 4.680%

Sold to: Raymond James & Associates, Inc.

Sources:

Bond Proceeds	\$ 40,000,000
Interest on good faith deposit	50
Net Original Issue Premium	263,102
Underwriters Discount	(553,762)
Total	\$ 39,709,390

Uses:

Proceeds transferred to City of New Orleans	\$ 39,709,390
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Bonds Proceeds transferred to City of New Orleans Treasury Department on March 1, 2013.

Taxable Public Improvement Bonds, Issue of 2014A

Sold: December 11, 2013 Delivered: January 21, 2014
Bonds Dated: January 21, 2014, and due December 1, 2014 through December 1, 2043

Average life of issue: 19.131 years
Net Interest Cost: 5.924%
True Interest Cost: 5.901%

Sold to: Raymond James & Associates, Inc.

Sources:

Bond Proceeds - Good faith deposit	\$ 400,000
Bond Proceeds	39,600,000
Interest on Good faith deposit	112
Net Original Issue Premium	182,365
Underwriters Discount	(588,928)
Total	\$ 39,593,549

Uses:

Proceeds transferred to City of New Orleans	\$ 39,593,549
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Subsequent to year end, the bond proceeds were transferred to City of New Orleans Treasury Department on January 21, 2014.

BOARD OF LIQUIDATION, CITY DEBT
SCHEDULE OF BONDED DEBT ADMINISTERED BY BOARD OF LIQUIDATION, CITY DEBT
DECEMBER 31, 2013

	Date of Bonds	Final Serial Maturity	Average Annual Interest Cost
<u>GENERAL OBLIGATION BONDS (Note B.)</u>			
General Obligation Refunding Bonds, Series 1991 (Notes C. and D.)	Sep. 1, 1991	Sep. 1, 2018	7.071%
General Obligation Refunding Bonds, Series 1998 (Note D.)	Dec. 1, 1998	Dec. 1, 2021	4.948%
Public Improvement Bonds, Issue of 2004 (Note D.)	July 13, 2004	Dec. 1, 2033	5.096%
Public Improvement Bonds, Issue of 2005A	May 24, 2005	Dec. 1, 2034	4.347%
General Obligation Refunding Bonds, Series 2005	July 6, 2005	Dec. 1, 2029	5.180%
Public Improvement Bonds, Issue of 2007A	Dec. 14, 2007	Dec. 1, 2036	5.086%
Public Improvement Bonds, Issue of 2010A Taxable Build America Bonds	Jan. 19, 2010	Dec. 1, 2039	8.405%
Taxable Public Improvement Bonds, Issue of 2013A	March 1, 2013	Dec. 1, 2042	4.680%
Taxable Public Improvement Bonds, Issue of 2014A	Jan. 21, 2014	Dec. 1, 2043	5.901%
General Obligation Refunding Bonds, Series 2012	Aug. 28, 2012	Dec. 1, 2033	3.231%
<u>LIMITED TAX BONDS (Note E.)</u>			
Series 2005	July 6, 2005	Mar. 1, 2021	4.045%
<u>DRAINAGE SYSTEM SPECIAL TAX BONDS (Note F.)</u>			
Drainage System Bonds, Series 1998 (9 mill)	Dec. 1, 1998	Dec. 1, 2018	4.838%
Series 2002 (9 mill)	Oct. 1, 2002	Dec. 1, 2022	4.457%
<u>SEWERAGE SERVICE REVENUE BONDS (Note G.)</u>			
Bond Series 1997	June 1, 1997	June 1, 2017	5.359%
Bond Series 1998	Dec. 1, 1998	June 1, 2018	4.817%
Bond Series 2000	May 1, 2000	June 1, 2020	5.478%
Bond Series 2000B	Nov. 1, 2000	June 1, 2020	5.424%
Bond Series 2001	Dec. 1, 2001	June 1, 2021	5.018%
Bond Series 2002	Dec. 1, 2002	June 1, 2022	4.362%
Bond Series 2003	Dec. 3, 2003	June 1, 2023	3.939%
Bond Series 2004	Dec. 16, 2004	June 1, 2024	4.262%
Bond Series 2009	July 14, 2009	June 1, 2029	6.282%

See accompanying notes.

Principal due 2014	Interest due 2014	Debt Service due 2014	Amount Outstanding (Note A.)
\$ 5,141,926	\$ 20,303,074	\$ 25,445,000	\$ 22,313,192
2,885,000	2,942,500	5,827,500	53,500,000
830,000	71,425	901,425	1,705,000
395,000	595,675	990,675	13,635,000
6,120,000	4,584,450	10,704,450	87,960,000
1,715,000	3,431,825	5,146,825	67,420,000
785,000	3,092,060	3,877,060	37,790,000
770,000	1,766,868	2,536,868	40,000,000
745,000	1,906,134	2,651,134	40,000,000
2,995,000	8,048,800	11,043,800	165,140,000
<u>\$ 22,381,926</u>	<u>\$ 46,742,811</u>	<u>\$ 69,124,737</u>	<u>\$ 529,463,192</u>
<u>\$ 2,040,000</u>	<u>\$ 926,500</u>	<u>\$ 2,966,500</u>	<u>\$ 19,550,000</u>
\$ 625,000	\$ 170,018	\$ 795,018	\$ 3,445,000
865,000	560,017	1,425,017	12,760,000
<u>\$ 1,490,000</u>	<u>\$ 730,035</u>	<u>\$ 2,220,035</u>	<u>\$ 16,205,000</u>
\$ 2,050,000	\$ 426,884	\$ 2,476,884	\$ 8,935,000
1,585,000	388,165	1,973,165	8,705,000
1,555,000	669,228	2,224,228	13,040,000
1,185,000	504,925	1,689,925	9,875,000
1,760,000	798,140	2,558,140	16,685,000
2,945,000	1,584,375	4,529,375	33,160,000
270,000	126,611	396,611	3,270,000
1,545,000	880,156	2,425,156	21,400,000
800,000	1,206,463	2,006,463	20,495,000
<u>\$ 13,695,000</u>	<u>\$ 6,584,947</u>	<u>\$ 20,279,947</u>	<u>\$ 135,565,000</u>

BOARD OF LIQUIDATION, CITY DEBT
 SCHEDULE OF BONDED DEBT ADMINISTERED BY BOARD OF LIQUIDATION, CITY DEBT (CONTINUED)
 DECEMBER 31, 2013

	Date of Bonds	Final Serial Maturity	Average Annual Interest Cost
<u>LADHH LOAN REVENUE BONDS (Note G.)</u>			
Series 2010B	Feb. 1, 2010	Feb. 1, 2031	2.950%
<u>SEWERAGE SERVICE REVENUE SUBORDINATE BONDS (Note G.)</u>			
LA Department of Environmental Quality Revolving Loan Series 2011	Nov. 22, 2011	Nov. 1, 2032	0.950%
<u>WATER REVENUE BONDS (Note H.)</u>			
Series 1998	Dec. 1, 1998	Dec. 1, 2018	4.817%
Series 2002	Oct. 1, 2002	Dec. 1, 2022	4.567%
<u>AUDUBON PARK COMMISSION BONDS .4 MILL (Note I.)</u>			
Refunding & Improvement Bonds, Series 1997	Jan. 1, 1997	Dec. 1, 2016	5.422%
<u>AUDUBON PARK COMMISSION AQUARIUM BONDS 3.8 MILL (Note J.)</u>			
Bond Series 2011A-1	Sept. 22, 2011	Oct. 1, 2021	3.085%
Taxable Bond Series 2011A-2	Sept. 22, 2011	Oct. 1, 2014	1.872%
<u>DOWNTOWN DEVELOPMENT DISTRICT TAX BONDS 22.97 MILL (Note K.)</u>			
Limited Tax Bonds Series 2012	June 13, 2012	Dec. 1, 2026	2.680%

See accompanying notes.

Principal due 2014	Interest due 2014	Debt Service due 2014	Amount Outstanding (Note A.)
\$ 2,000	\$ 99	\$ 2,099	\$ 3,740
\$ 415,000	\$ 81,596	\$ 496,596	\$ 8,420,402
\$ 1,015,000	\$ 269,793	\$ 1,284,793	\$ 5,570,000
1,530,000	1,104,250	2,634,250	22,085,000
\$ 2,545,000	\$ 1,374,043	\$ 3,919,043	\$ 27,655,000
\$ 325,000	\$ 53,820	\$ 378,820	\$ 1,035,000
\$ 2,075,000	\$ 1,089,150	\$ 3,164,150	\$ 24,370,000
630,000	10,710	640,710	630,000
\$ 2,705,000	\$ 1,099,860	\$ 3,804,860	\$ 25,000,000
\$ 315,000	\$ 131,320	\$ 446,320	\$ 4,900,000

BOARD OF LIQUIDATION, CITY DEBT
 SCHEDULE OF BONDED DEBT ADMINISTERED BY BOARD OF LIQUIDATION, CITY DEBT (CONTINUED)
 DECEMBER 31, 2013

	Date of Bonds	Date of Defeasance	Date of Calls or Final Maturity
<u>DEFEASED BONDS - DEBT SERVICE</u>			
<u> GUARANTEED BY ESCROW AGREEMENTS</u>			
GENERAL OBLIGATION BONDS- DEFEASED (Note L.) Public Improvement Bonds, Issue of 2004	July 13, 2004	Aug. 28, 2012	Dec. 1, 2014

See accompanying notes.

Principal due 2014	Interest and Premium due 2014	Debt Service due 2014	Amount Outstanding (Note A.)
<u>\$ 25,795,000</u>	<u>\$ 1,343,763</u>	<u>\$ 27,138,763</u>	<u>\$ 25,975,000</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, 2013

- A. Amount Outstanding - Amount excludes balances recorded as liabilities in the Combining Statement of Assets, Liabilities, and Custodial, Debt Service and Reserve Funds-Modified Cash Basis
- B. General Obligation Bonds - Legal Debt Limit: \$1,252,707,103; Debt Service Coverage: Unlimited Ad Valorem Tax Levy; Reserve Fund: Sufficient to cover 1/2 of the high year's Principal and Interest due.
- C. General Obligation Bonds, Series 1991 - A portion of these Issues Refunded in 1998 and 2002. Debt Service guaranteed by Escrow Agreement.
- D. General Obligation Refunding Bonds, Series 1998 and Public Improvement Bonds, Series 2004 - A portion of these Issues Refunded in 2012. Debt Service guaranteed by Escrow Agreement.
- E. Limited Tax Bonds - Debt Service Coverage: 2013 Tax Yield 100% of Debt Service due.
- F. Drainage System Bonds - Debt Service Coverage: 2013 Tax Yield 866% of Debt Service Due- 9 mill
- 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 are payable February and August as loan proceeds are drawn from Louisiana Department of Health and Hospitals Drinking Water Revolving Loan Fund. At December 31, 2013, \$3,185,740 was drawn from the loan fund. LADEQ Sewerage Service Subordinate Revenue Bonds, Series 2011 payable May and November as loan proceeds drawn not to exceed \$9,000,000 from the LA State Revolving Loan Program. At December 31, 2013, \$8,831,402 was drawn from the loan fund.
- 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.
- I. Audubon Park Commission .4 Mill Bonds - Debt Service Coverage: 2013 Tax Yield 230% of Debt Service due. Reserve Fund: Sufficient to cover 1/2 of high year's Principal and Interest due.
- J. Audubon Park Commission 3.8 Mill Bonds - Debt Service Coverage: 2013 Tax Yield 214% of Debt Service due. Reserve Fund: None.
- K. Downtown Development District Bonds - Debt Service Coverage: 2013 Tax Yield 1,254% of Debt Service due. Reserve Fund: Sufficient to cover 1/2 of the high year's Principal and Interest due. This issue was used to refund the outstanding portion of Downtown Development District Bonds, Series 2001.
- L. General Obligation Bonds - Defeased: Only a portion were refunded in 2012. Defeased bonds are not obligations of the City of New Orleans.

BOARD OF LIQUIDATION, CITY DEBT
 SCHEDULE OF DEDICATED AD VALOREM TAX MILLAGE
 AVAILABLE FOR SERVICING BONDED DEBT
 DECEMBER 31, 2013

	1993 through 2002
<u>DEBT SERVICE</u>	26.90
<u>CAPITAL IMPROVEMENT LIMITED TAX (Note B.)</u>	2.50
<u>SEWERAGE & WATER BOARD:</u>	
Construction & Extension of Sewerage, Water & Drainage System (Tax expired 12/31/91)	N/A
Operation, Maintenance and Construction & Extension of Drainage System	6.40
Operation, Maintenance and Construction of Drainage System	6.48
Operation, Maintenance and Construction of Drainage System	9.71
<u>AUDUBON PARK COMMISSION:</u>	
Audubon Park Zoo	0.44
Audubon Park Aquarium (Note C.)	4.11
<u>DOWNTOWN DEVELOPMENT DISTRICT</u>	15.90

See accompanying notes.

Millage (Note A.)

2003 through <u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	2010 through <u>2014</u>
28.40	38.20	31.70	23.80	23.80	25.50
2.50	2.50	2.50	1.82	1.82	1.82
N/A	N/A	N/A	N/A	N/A	N/A
6.40	6.40	6.40	4.66	4.54	4.66
6.48	6.48	6.48	4.71	4.60	4.71
9.71	9.71	9.71	7.06	6.89	7.06
0.44	0.44	0.44	0.32	0.32	0.32
4.11	4.11	4.11	2.99	2.99	2.99
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, 2013

- A. Millage is approved in December of each year by the City Council of New Orleans for the new tax year.
- B. The 2.5 mills for Capital Improvement Limited Tax is in effect for the first time in 1996.
- 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
 SEWERAGE & WATER BOARD MATURED BONDS - DEBT ADMINISTRATION
 COMBINING SCHEDULE OF ASSETS AND LIABILITIES - MODIFIED CASH BASIS
 DECEMBER 31, 2013

	Sewerage, Water & Drainage Bonds 2 mill *	Drainage System Bonds 3 mill 6.40	Total
<u>ASSETS</u>			
Cash	\$ 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
 DEFEASED BONDS - DEBT ADMINISTRATION COMBINING SCHEDULE
 OF ASSETS AND LIABILITIES - MODIFIED CASH BASIS
 DECEMBER 31, 2013

	General Obligation Bonds	Sewerage Service Revenue Bonds	Water Revenue Bonds	Audubon Park Commission Improve- ment Bonds	Total
<u>ASSETS</u>					
Cash	\$ 33,612	\$ 14,320	\$ 7,795	\$ 2,219	\$ 57,946
<u>LIABILITIES</u>					
Interest payable	\$ 15,422	\$ 1,785	\$ 7,795	\$ 2,219	\$ 27,221
Principal payable	18,190	12,535	0	0	30,725
<i>Total Liabilities</i>	<u>\$ 33,612</u>	<u>\$ 14,320</u>	<u>\$ 7,795</u>	<u>\$ 2,219</u>	<u>\$ 57,946</u>

BOARD OF LIQUIDATION, CITY DEBT
SCHEDULE OF ITEMIZED DISBURSEMENTS - INTEREST, PREMIUM AND PRINCIPAL PAID
FOR THE YEAR ENDED DECEMBER 31, 2013

	Interest Paid	
	Debt Service Fund	Federal Subsidy Taxable BAB
BONDS		
<u>GENERAL OBLIGATION BONDS</u>		
Public Improvement Bonds, Issue of 2003	\$ 54,600	\$ 0
Public Improvement Bonds, Issue of 2004	103,025	0
Public Improvement Bonds, Issue of 2005A	616,575	0
Public Improvement Bonds, Issue of 2007A	3,514,075	0
Public Improvement Bonds, Issue of 2010A BABs	2,126,269	1,010,631
Taxable Public Improvement Bonds, Issue of 2013A	1,325,151	0
General Obligation Refunding Bonds, Series 1991	19,931,577	0
General Obligation Refunding Bonds, Series 1998	3,159,475	0
General Obligation Refunding Bonds, Series 2005	4,813,950	0
General Obligation Refunding Bonds, Series 2012	8,087,800	0
<i>Total General Obligation Bonds</i>	43,732,497	1,010,631
 <u>SPECIAL TAX BONDS</u>		
Limited Tax Bonds, Series 2005	1,026,250	0
 <u>SEWER & WATER BOARD SPECIAL TAX BONDS</u>		
Drainage System Bonds, Series 1998	198,280	0
Drainage System Bonds, Series 2002	593,217	0
Total Drainage System 9 mill bonds	791,497	0
 <u>SEWER & WATER BOARD REVENUE BONDS</u>		
Sewerage Service Revenue Bonds, Series 1997	532,903	0
Sewerage Service Revenue Bonds, Series 1998	461,294	0
Sewerage Service Revenue Bonds, Series 2000	750,391	0
Sewerage Service Revenue Bonds, Series 2000B	564,295	0
Sewerage Service Revenue Bonds, Series 2001	881,700	0
Sewerage Service Revenue Bonds, Series 2002	1,727,750	0
Sewerage Service Revenue Bonds, Series 2003	137,971	0
Sewerage Service Revenue Bonds, Series 2004	948,481	0
Sewerage Service Revenue Bonds, Series 2009	1,243,675	0
Total Sewerage Service Revenue Bonds	7,248,460	0
Water Revenue Bonds, Series 1998	315,630	0
Water Revenue Bonds, Series 2002	1,177,750	0
Total Water Revenue Bonds	\$ 1,493,380	\$ 0

	Premium Paid	Principal Paid	
Total Interest	Debt Service Fund	Debt Service Fund	Total Interest, Premium and Principal
\$ 54,600	\$ 0	\$ 1,040,000	\$ 1,094,600
103,025	0	790,000	893,025
616,575	0	380,000	996,575
3,514,075	0	1,645,000	5,159,075
3,136,900	0	760,000	3,896,900
1,325,151	0	0	1,325,151
19,931,577	0	5,513,423	25,445,000
3,159,475	0	3,945,000	7,104,475
4,813,950	0	4,590,000	9,403,950
8,087,800	0	1,950,000	10,037,800
<u>44,743,128</u>	<u>0</u>	<u>20,613,423</u>	<u>65,356,551</u>
<u>1,026,250</u>	<u>0</u>	<u>1,950,000</u>	<u>2,976,250</u>
198,280	0	595,000	793,280
593,217	0	830,000	1,423,217
<u>791,497</u>	<u>0</u>	<u>1,425,000</u>	<u>2,216,497</u>
532,903	0	1,940,000	2,472,903
461,294	0	1,510,000	1,971,294
750,391	0	1,465,000	2,215,391
564,295	0	1,120,000	1,684,295
881,700	0	1,685,000	2,566,700
1,727,750	0	2,790,000	4,517,750
137,971	0	260,000	397,971
948,481	0	1,485,000	2,433,481
1,243,675	0	765,000	2,008,675
<u>7,248,460</u>	<u>0</u>	<u>13,020,000</u>	<u>20,268,460</u>
315,630	0	965,000	1,280,630
1,177,750	0	1,470,000	2,647,750
<u>\$ 1,493,380</u>	<u>\$ 0</u>	<u>\$ 2,435,000</u>	<u>\$ 3,928,380</u>

BOARD OF LIQUIDATION, CITY DEBT
SCHEDULE OF ITEMIZED DISBURSEMENTS-INTEREST, PREMIUM AND PRINCIPAL PAID (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2013

	Interest Paid	
	Debt Service Fund	Federal Subsidy Taxable BAB
<u>LADHH LOAN REVENUE BONDS</u>		
Revenue Bonds, Series 2010A, Taxable ARRA	\$ 37,493	\$ 0
Revenue Bonds, Series 2010B, Taxable ARRA	13,650	0
Total Revenue Bonds-LADHH	51,143	0
<u>SEWERAGE & WATER BOARD SUBORDINATE REVENUE BONDS</u>		
Sewerage Revenue Subordinate Bonds, Series 2011	36,550	0
Total Sewerage Revenue Subordinate Bonds	36,550	0
<u>AUDUBON COMMISSION SPECIAL TAX BONDS</u>		
Audubon Park Commission Improvement Bonds, Series 1997	69,940	0
Audubon Park Commission Aquarium Bonds, Series 2003A	134,750	0
Audubon Park Commission Aquarium Bonds, Series 2011A-1	1,089,150	0
Audubon Park Commission Aquarium Bonds, Series 2011A-2	10,710	0
Total Audubon Park Commission Aquarium Bonds	1,234,610	0
<u>DOWNTOWN DEVELOPMENT DISTRICT SPECIAL TAX BONDS</u>		
Downtown Development District Special Tax Bonds, Series 2012	139,494	0
Total Downtown Development District Special Tax Bonds	139,494	0
DEFEASED BONDS		
<u>GENERAL OBLIGATION DEFEASED BONDS</u>		
Public Improvement Bonds, Issue of 1977	41	0
Public Improvement Bonds, Issue of 2003	1,667,500	0
Public Improvement Bonds, Issue of 2004	1,343,762	0
Total General Obligation Defeased Bonds	3,011,303	0
<i>Total Itemized Disbursements-Interest, Principal and Premium Paid excluding GO Zone Loan Payments</i>	\$ 58,835,124	\$ 1,010,631

	Premium Paid	Principal Paid	
Total Interest	Debt Service Fund	Debt Service Fund	Total Interest, Premium and Principal
\$ 37,493	\$ 0	\$ 746,000	\$ 783,493
13,650	0	1,321,000	1,334,650
<u>51,143</u>	<u>0</u>	<u>2,067,000</u>	<u>2,118,143</u>
36,550	0	411,000	447,550
69,940	0	310,000	379,940
134,750	0	2,695,000	2,829,750
1,089,150	0	0	1,089,150
10,710	0	0	10,710
<u>1,234,610</u>	<u>0</u>	<u>2,695,000</u>	<u>3,929,610</u>
139,494	0	305,000	444,494
41	25	5,000	5,066
1,667,500	0	33,350,000	35,017,500
1,343,762	0	0	1,343,762
<u>3,011,303</u>	<u>25</u>	<u>33,355,000</u>	<u>36,366,328</u>
<u>\$ 59,845,755</u>	<u>\$ 25</u>	<u>\$ 78,586,423</u>	<u>\$ 138,432,203</u>

BOARD OF LIQUIDATION, CITY DEBT
SCHEDULE OF ITEMIZED DISBURSEMENTS-INTEREST, PREMIUM AND PRINCIPAL PAID (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2013

	Interest Paid	
	Debt Service Fund	Federal Subsidy Taxable BAB
GO ZONE LOAN PAID TO LA DEPARTMENT OF ADMINISTRATION		
<u>GENERAL OBLIGATION BONDS</u>		
General Obligation Bonds	\$ 1,220,427	\$ 0
<u>SPECIAL TAX BONDS</u>		
Limited Tax Bonds, Series 2005	0	0
<u>SEWER & WATER BOARD SPECIAL TAX BONDS</u>		
Drainage System Bonds, Series 1998	68,115	0
Drainage System Bonds, Series 2002	123,457	0
Total Drainage System 9 mill bonds	191,572	0
<u>SEWER & WATER BOARD REVENUE BONDS</u>		
Sewerage Service Revenue Bonds, Series 1997	221,785	0
Sewerage Service Revenue Bonds, Series 1998	175,125	0
Sewerage Service Revenue Bonds, Series 2000	123,734	0
Sewerage Service Revenue Bonds, Series 2000B	148,522	0
Sewerage Service Revenue Bonds, Series 2001	234,621	0
Sewerage Service Revenue Bonds, Series 2002	392,993	0
Sewerage Service Revenue Bonds, Series 2003	21,970	0
Sewerage Service Revenue Bonds, Series 2004	220,110	0
Sewerage Service Revenue Refunding BANS, Series 2005	1,392,010	0
Total Sewerage Service Revenue Bonds	2,930,870	0
Water Revenue Bonds, Series 1998	109,703	0
Water Revenue Bonds, Series 2002	191,105	0
Total Water Revenue Bonds	300,808	0
<u>AUDUBON COMMISSION SPECIAL TAX BONDS</u>		
Audubon Commission Improvement Bonds .44 Mills	48,222	0
Audubon Commission Aquarium Bonds 4.11 Mills	475,483	0
Total Audubon Commission Special Bonds	523,705	0
<u>DOWNTOWN DEVELOPMENT DISTRICT SPECIAL TAX BONDS</u>		
Downtown Development District Special Tax Bonds	70,712	0
<i>Total GO Zone Paid to LA Department of Administration</i>	\$ 5,238,094	\$ 0
<i>Total Itemized Disbursements-Interest, Principal and Premium Paid</i>	\$ 64,073,218	\$ 1,010,631

	Premium Paid	Principal Paid	
Total Interest	Debt Service Fund	Debt Service Fund	Total Interest, Premium and Principal
\$ 1,220,427	\$ 0	\$ 1,231,264	\$ 2,451,691
0	0	144,664	144,664
68,115	0	76,794	144,909
123,457	0	139,188	262,645
191,572	0	215,982	407,554
221,785	0	250,043	471,828
175,125	0	197,439	372,564
123,734	0	139,500	263,234
148,522	0	167,446	315,968
234,621	0	264,516	499,137
392,993	0	443,067	836,060
21,970	0	24,770	46,740
220,110	0	248,155	468,265
1,392,010	0	1,569,374	2,961,384
2,930,870	0	3,304,310	6,235,180
109,703	0	123,681	233,384
191,105	0	215,455	406,560
300,808	0	339,136	639,944
48,222	0	54,367	102,589
475,483	0	536,067	1,011,550
523,705	0	590,434	1,114,139
70,712	0	79,722	150,434
\$ 5,238,094	\$ 0	\$ 5,905,512	\$ 11,143,606
\$ 65,083,849	\$ 25	\$ 84,491,935	\$ 149,575,809

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(Retired)

INDEPENDENT AUDITOR'S 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, 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, the financial statements of the Board of Liquidation, City Debt as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Board of Liquidation, City Debt's basic financial statements and have issued our report thereon dated March 24, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board of Liquidation, City Debt's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board of Liquidation, City Debt's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board of Liquidation, City Debt's internal control.

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. A *signification deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board of Liquidation, City Debt's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



March 24, 2014

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**BUDGET SUMMARY
FOR FISCAL YEAR 2014**

Note: The comprehensive operating budget will be posted, when available, on the City's website (www.nola.gov/finance).

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SUMMARY OF PROPOSED 2014 BUDGET

GENERAL FUND ONLY

ESTIMATED REVENUES

Taxes	305,460,327	60.57%
Licenses & Permits	55,925,112	11.09%
Intergovernmental	13,311,845	2.64%
Service Charges	73,209,451	14.52%
Fines & Forfeits	28,633,547	5.68%
Miscellaneous Revenues	10,507,691	2.08%
Other Financing Sources	17,300,562	3.43%
TOTAL REVENUES	\$504,348,535	100.00%

EXPENDITURES

Personal Services	309,301,805	61.33%
Other Operating	164,462,700	32.61%
Debt Service	30,584,030	6.06%
Grants, Contrib., & Fund Transfers	-	0.00%
TOTAL EXPENDITURES	\$504,348,535	100.00%

*Personal Services include salary, pension, healthcare, and other benefits.

General Fund Revenue		
Source	2013 Adopted	2014 Proposed
	\$	
Property Tax	115,689,512	\$ 114,970,415
Sales Tax	163,433,607	170,792,227
Other Taxes	19,462,246	19,697,685
Licenses & Permits	53,070,128	55,925,112
Intergovernmental Revenue	13,574,665	13,311,845
Service Charges	73,156,961	73,209,451
Fines & Forfeits	30,415,000	28,633,547
Miscellaneous Revenue	9,999,343	10,507,691
Other Financing	17,418,312	17,300,562
Total	\$496,219,774	\$504,348,535

Non-General Fund Revenue		
Source	2013 Adopted	2014 Proposed
Self-Generated, Special Revenue, Trust Funds	\$900,000	\$900,000
Housing & Urban Dev.	46,273,253	36,245,833
Wisner Fund	322,336	582,437
Library Funds	12,100,000	12,613,465
Local Law Enforce. Grants	965,116	987,135
Federal Grants	92,336,380	108,855,801
State and Local Foundation Grants	83,386,527	45,653,322
Grants, Contr., & Fund Transfers	74,352,367	100,000,000
Special Revenue Funds	28,352,578	27,330,043
Total	\$338,988,557	\$333,168,036

General Fund Expenditures		
Department	2013 Adopted	2014 Proposed
City Council	\$9,820,916	\$ 9,820,916
Mayor**	10,116,694	10,621,555
Chief Administrative Office**	44,391,183	43,682,504
Law	6,368,617	5,946,682
Fire	84,915,565	86,248,045
Safety & Permits	4,714,227	4,197,431
Police	126,784,896	128,600,368
Sanitation	37,209,066	39,230,804
Health**	13,427,567	13,525,461
Human Services	2,379,078	2,379,078
Finance	46,098,615	46,012,542
Property Management	6,656,823	6,249,880
Civil Service	1,469,643	1,552,076
Public Works	15,242,280	14,965,541
Recreation	-	-
Parks and Parkways	6,737,667	7,071,248
Library	-	-
HDLC	638,095	533,981
VCC	344,831	397,231
Alcoholic Beverage Control Board	1,500	1,500
City Planning Commission	1,594,134	1,139,838
Mosquito Control Bd.	2,078,509	2,078,507
New Orleans Museum of Art	151,683	128,931
Miscellaneous*	29,525,493	34,122,999
General Services	3,685,336	4,212,614
Office of Community Development**	-	-
Workforce Investment	-	-
Economic Development Fund	-	-
N'hood Hsg Improv. Fund	-	-
Intergovernmental Affairs	-	-
District Attorney	6,271,671	6,271,671
Coroner's Office	1,669,099	1,781,605
Juvenile Court	3,615,283	3,025,203
First City Court	6,000	6,000
Civil Court	14,400	14,400
Municipal Court	1,867,343	2,045,894
Traffic Court	389,640	437,587
Criminal District Court	1,526,597	1,526,597
Sheriff	22,134,338	22,134,338
Clerk of Criminal District Court	3,726,330	3,726,330
Registrar of Voters	383,416	371,945
Judicial Retirement Fund	262,238	287,233
Total	\$496,219,774	\$504,348,535

Non-General Fund Expenditures		
Department	2013 Adopted	2014 Proposed
City Council	\$0	\$6,905,000
Mayor**	146,236,302	130,130,379
Chief Administrative Office**	3,385,158	2,224,116
Law	540,686	514,844
Fire	532,000	-
Safety & Permits	-	551,150
Police	7,763,791	6,718,885
Sanitation	-	-
Health**	18,010,077	16,274,424
Human Services	562,469	559,454
Finance	-	-
Property Management	484,637	580,144
Civil Service	-	-
Public Works	1,300,000	5,928,109
Recreation	-	-
Parks and Parkways	300,000	900,000
Library	12,112,000	12,728,461
HDLC	-	-
VCC	-	-
Alcoholic Beverage Control Board	-	-
City Planning Commission	-	335,519
Mosquito Control Bd.	665,072	791,584
New Orleans Museum of Art	-	-
Miscellaneous**	3,482,832	4,366,424
General Services	1,048,000	-
Office of Community Development**	48,722,157	33,961,250
Workforce Investment	6,405,064	5,748,952
Economic Development Fund	1,753,245	1,982,385
N'hood Hsg Improv. Fund	11,332,700	1,966,956
Intergovernmental Affairs	74,352,367	100,000,000
District Attorney	-	-
Coroner's Office	-	-
Juvenile Court	-	-
First City Court	-	-
Civil Court	-	-
Municipal Court	-	-
Traffic Court	-	-
Criminal District Court	-	-
Sheriff	-	-
Clerk of Criminal District Court	-	-
Registrar of Voters	-	-
Judicial Retirement Fund	-	-
Total	\$338,988,557	\$333,168,036

* See Miscellaneous for NORDC

** See section detail in tables below

APPENDIX "E"

DEBT STATEMENT

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**STATEMENT OF DIRECT AND UNDERLYING BONDED DEBT
AS OF OCTOBER 2, 2014**

(The accompanying notes are an integral part of this statement)

Notes	Name of Issuer & Issue	Interest Rates (%)	Dated Date	Final Maturity Date	Principal Outstanding	Principal Amount Due Within One Year
(1)	<u>Direct Debt of the City of New Orleans, Louisiana*</u>					
(2)	General Obligation Refunding Bonds, Series 1991	0.0	9/15/91	9/01/18	\$ 17,171,268**	\$ 4,795,365
(2)	General Obligation Refunding Bonds, Series 1998	5.5	12/01/98	12/01/21	53,500,000	2,885,000
(2)	Public Improvement Bonds, Issue of 2004	4.125-4.25	7/13/04	12/01/14	1,705,000	830,000
(2)	Public Improvement Bonds, Issue of 2005A	4.0-5.5	5/24/05	12/01/34	13,635,000	395,000
(2)	General Obligation Refunding Bonds, Series 2005	5.0-5.25	7/06/05	12/01/29	87,960,000	6,120,000
(2)	Public Improvement Bonds, Issue of 2007A	5.0-5.25	12/14/07	12/01/36	67,420,000	1,715,000
(2)	Taxable Public Improvement Bonds, Issue of 2010A (Build America Bonds - Federally Taxable - Direct Payment to Issuer)	6.2-8.8	1/19/10	12/01/39	37,790,000	785,000
(2)	General Obligation Refunding Bonds, Series 2012	3.0-5.0	8/28/12	12/01/33	165,140,000	2,995,000
(2)	Taxable Public Improvement Bonds, Issue of 2013A	3.0-5.0	3/01/13	12/01/42	40,000,000	770,000
(2)	Taxable Public Improvement Bonds, Issue of 2014A	2.0-6.10	1/21/14	12/1/43	40,000,000	745,000
(3)	Certificates of Indebtedness, Series 2005	3.59	7/11/05	12/01/14	205,000	205,000
(4)	Taxable Limited Tax Refunding Bonds, Series 2012	1.399-4.961	10/23/12	9/01/30	195,885,000	0
(5)	Sales Tax Increment Revenue Bonds (St. Thomas Economic Development District), Series 2003	8.125	11/03/03	4/01/50	10,950,000	90,000
(6)	Variable Rate Revenue Bonds (Canal Street Improvements Project), Series 2004	variable	9/29/04	8/01/24	7,070,000	540,000
(7)	Limited Tax Bonds, Series 2005	5.0	7/06/05	3/01/21	17,510,000	2,145,000
(8)	Revenue Bond, Series 2010A	3.45	2/12/10	2/01/31	713,000	32,000
(8)	Revenue Bond, Series 2010B	3.45	2/12/10	2/01/31	1,423,000	63,000
(A)	Cooperative Endeavor Agreement with the State of Louisiana (Certificates of Indebtedness, Capital leases, LCDA Bonds)	4.64	7/19/06	7/15/26	44,450,951	2,851,361
(A)	Cooperative Endeavor Agreement with the State of Louisiana (General Obligation Bonds)	4.64	7/19/06	7/15/26	21,017,225	1,348,176
(A)	Cooperative Endeavor Agreement with the State of Louisiana (Capital Improvement Bonds)	4.64	7/19/06	7/15/26	2,469,369	158,401
(9)	<u>Underlying Debt of the Orleans Parish School Board of the Parish of Orleans, State of Louisiana</u>					
(10)	Public School Refunding Bonds, Series 1991	--	12/19/91	2/01/15	553,879*	553,879
(10)	Public School Refunding Bonds, Series 2011 (Taxable)	2.30	12/01/11	2/01/15	6,140,000	3,140,000
(10)	Revenue Bonds (Taxable QSCB), Series 2011B	4.4	12/20/11	2/01/21	79,055,000	(a)
(11)	<u>Underlying Debt of Parishwide School District of the Parish of Orleans, State of Louisiana</u>					
(2)	General Obligation School Refunding Bonds, Series 2010	2.5-5.0	9/01/10	9/01/20	61,520,000	9,905,000
(12)	<u>Underlying Debt of the Audubon Commission</u>					
(13)	Audubon Commission Improvement and Refunding Bonds, Series 1997	5.2	1/01/97	12/01/16	1,035,000	325,000
(14)	Audubon Commission Aquarium Tax Bonds, Series 2011A-1	3.0-5.0	9/22/11	10/01/21	22,295,000	2,800,000
(A)	Cooperative Endeavor Agreement with the State of Louisiana (Revenue Bonds)	4.64	7/19/06	7/15/26	4,173,501	267,714
(A)	Cooperative Endeavor Agreement with the State of Louisiana (4.11 Mill Tax Bonds)	4.64	7/19/06	7/15/26	9,150,472	586,968
(A)	Cooperative Endeavor Agreement with the State of Louisiana (.44 Mill Tax Bonds)	4.64	7/19/06	7/15/26	928,018	59,529

* Excludes Section 108 HUD loans.

** Original principal amount of compound interest bonds.

(a) Various amounts are required to be deposited annually into a sinking fund.

(b) Subject to prepayment, extension and/or cancellation.

<u>Notes</u>	<u>Name of Issuer & 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>
(15)	<u>Underlying Debt of the Sewerage and Water Board</u>					
(16)	Drainage System Bonds, Series 1998	4.8-5.0	12/01/98	12/01/18	\$ 3,445,000	\$ 625,000
(16)	Drainage System Bonds, Series 2002	4.0-4.65	10/01/02	12/01/22	12,760,000	865,000
(17)	Water Revenue and Refunding Bonds, Series 2014	5.0	7/02/14	12/01/44	103,525,000	0
(18)	Sewerage Service Subordinate Revenue Bonds, Series 2011	0.95	11/22/11	11/01/32	8,589,000	415,000
(18)	Sewerage Service Revenue and Refunding Bonds, Series 2014	2.0-5.0	7/02/14	6/01/44	158,990,000	11,225,000
(A)	Cooperative Endeavor Agreement with the State of Louisiana	4.64	7/19/06	7/15/26	65,879,024	4,225,891
(19)	<u>Underlying Debt of the Regional Transit Authority</u>					
(20)	Sales Tax Revenue Bonds, Series 1991	0.0	12/01/91	12/01/21	5,961,294*	946,835
(20)	Sales Tax Revenue Bonds, Series 2010	4.0-5.0	10/14/10	12/01/30	68,765,000	2,740,000
(21)	LCDA Revenue Bonds (Canal Streetcar Project), Series 2000	variable	9/12/00	2/28/25	19,680,000	1,421,000
(21)	LCDA Revenue Bonds (Desire Streetcar Project), Series 2000A	variable	9/12/00	11/28/29	22,682,756	1,005,400
(A)	Cooperative Endeavor Agreement with the State of Louisiana	4.64	10/02/06	7/15/26	30,503,118	1,956,650
(22)	<u>Underlying Debt of Law Enforcement District of the Parish of Orleans, State of Louisiana</u>					
(2)	General Obligation Bonds, Series 2008	3.85-4.05	12/01/08	9/01/18	4,000,000	1,000,000
(2)	General Obligation Bonds, Series 2009	3.60-3.8	3/01/09	9/01/18	4,935,000	1,155,000
(2)	General Obligation Bonds, Series 2010	4.0	3/01/10	9/01/24	11,520,000	895,000
(2)	General Obligation Bonds, Series 2011	2.97	12/02/11	9/01/26	4,140,000	290,000
(2)	General Obligation Bonds, Series 2012	2.85	4/27/12	9/01/26	4,185,000	295,000
(2)	General Obligation Bonds, Series 2013	1.95	6/14/13	9/01/22	8,545,000	980,000
(23)	Taxable Certificates of Indebtedness, Series 2014	2.75	6/30/14	6/30/15	4,500,000	4,500,000
(A)	Cooperative Endeavor Agreement with the State of Louisiana	4.64	7/19/06	7/15/26	14,675,179	941,358
(24)	<u>Underlying Debt of the New Orleans Aviation Board</u>					
(25)	Revenue Bonds (Passenger Facility Charge Projects), Series 2007A	5.0-5.5	11/20/07	1/01/38	59,350,000	1,285,000
(25)	Revenue Refunding Bonds (Passenger Facility Charge Projects), Series 2007B-1	5.25	11/20/07	1/01/20	4,295,000	0
(25)	Revenue Refunding Bonds (Passenger Facility Charge Projects), Series 2007B-2	5.0-5.25	11/20/07	1/01/19	8,895,000	1,915,000
(25)	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
(25)	Gulf Opportunity Zone Revenue Bonds (Passenger Facility Charge Projects), Series 2010B	5.125	5/26/10	1/01/38	1,285,000	0
(26)	Revenue Refunding Bonds (Restructuring GARBs), Series 2009A-1	4.25-6.0	2/03/09	1/01/23	73,960,000	2,685,000
(26)	Revenue Refunding Bonds (Restructuring GARBs), Series 2009A-2	4.25-6.0	2/03/09	1/01/23	23,055,000	840,000
(26)	Revenue Refunding Bonds (Restructuring GARBs), Series 2009B (Taxable)	5.0-5.1	2/03/09	1/01/15	5,815,000	5,815,000
(27)	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	1,670,000
(A)	Cooperative Endeavor Agreement with the State of Louisiana	4.64	7/19/06	7/15/26	30,081,517	1,929,616

* Includes \$7,990,733 original principal amount of Capital Appreciation Bonds.

(b) Subject to prepayment, extension and/or cancellation.

<u>Notes</u>	<u>Name of Issuer & 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>
(28)	<u>Underlying Debt of the Orleans Levee District</u>					
(29)	Public Improvement Bonds, Series 1986	5.95	8/29/86	11/01/15	\$ 5,925,000	\$ 2,860,000
(30)	Levee Improvement Bonds, Series 1986	5.95	8/28/86	11/01/14	5,295,000	5,295,000
(A)	Cooperative Endeavor Agreement with the State of Louisiana	4.64	7/19/06	7/15/26	22,218,140	1,425,210
(31)	<u>Underlying Debt of the Orleans Parish Communications District, State of Louisiana</u>					
(32)	Revenue Bonds, Series 2004	4.1-4.35	9/24/04	9/01/19	4,125,000	750,000
(33)	<u>Underlying Debt of the French Market District</u>					
(34)	Taxable Revenue Bonds, Series 2005A	6.15	8/03/06	5/01/25	3,956,095	203,551
(35)	<u>Underlying Debt of the Downtown Development District of the City of New Orleans</u>					
(36)	Downtown Development District Limited Tax Refunding Bonds, Series 2012	2.68	6/13/12	12/01/26	4,900,000	315,000
(A)	Cooperative Endeavor Agreement with the State of Louisiana	4.64	7/19/06	7/15/26	1,360,823	87,292
(37)	<u>Underlying Debt of the Public Belt Commission for the City of New Orleans</u>					
(38)	Taxable Indebtedness, Series 2012	2.955	4/20/12	6/01/17	930,000	300,000

(b) *Subject to prepayment, extension and/or cancellation.*

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 2014 taxable assessed valuation for City of New Orleans, Louisiana (the “City”) purposes is approximately \$3,130,466,269. Certain City taxes are levied on the total assessed value of the City, which is approximately \$3,579,163,150 for 2014.
- (2) Secured by and payable from unlimited *ad valorem* taxation.
- (3) 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.
- (4) 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 an *ad valorem* tax of 13.91 mills (subject to adjustment from time to time due to reassessment), which the issuer is authorized to impose and collect in each year the bonds are outstanding, to be levied on all property subject to taxation within the corporate boundaries of the issuer.

- (5) Secured by and payable solely from an irrevocable pledge and dedication of the City's 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.
- (6) 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 (iii) payments made by the City from the General Fund.
- (7) 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 2½ mills (subject to adjustment from time to time due to reassessment), which the City is authorized to collect for a period of 26 years, approved in an election held in the City on July 15, 1995.
- (8) 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.
- (9) The total 2014 assessed valuation of the Orleans Parish School Board is approximately \$3,579,163,150, of which approximately \$3,130,466,269 is taxable.
- (10) Secured by and payable as to both principal and interest solely from the revenues from (i) a constitutional millage of 27.65 mills and (ii) a ½% sales and use tax authorized in an election held in the parish on November 4, 1980, subject only to the payment of the reasonable costs and expenses of collecting and administering said sales and use tax.
- (11) The total 2014 assessed valuation of Parishwide School District of the Parish of Orleans is approximately \$3,579,163,150, of which approximately \$3,130,466,269 is taxable.
- (12) The Audubon Commission is a related entity of the City established by state act and the City Charter.
- (13) Secured by and payable solely from the tax revenues derived from the levy and collection of a 0.44 mill tax upon all taxable property in the City.
- (14) Secured by and payable solely from an irrevocable pledge and dedication of the funds to be derived from the levy and collection of a 2.99 mills special *ad valorem* tax subject to taxation within the City authorized to be collected for a period of 35 years, beginning in 1987, in an election held on November 4, 1986.
- (15) The Sewerage and Water Board is the agency responsible for the sewerage, water and drainage systems of the City.
- (16) Secured by and payable from a pledge and dedication of the funds to be derived by the City from the levy and collection of a special tax of 9.71 mills (such rate being subject to adjustment from time to time due to reassessment), which has been authorized to be levied in each of the years 1982 through 2031, inclusive, pursuant to an election held in the City on May 16, 1981.
- (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) The Regional Transit Authority ("RTA") is primarily located in the City of New Orleans (Orleans Parish) and is parishwide.
- (20) Secured by and payable from the Pledged Tax Revenues, i.e. primarily the net revenues derived from the levy and collection of 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.
- (21) 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.
- (22) The Law Enforcement District of the Parish of Orleans is parishwide and has a 2014 taxable assessed valuation of approximately \$3,130,466,269.
- (23) Secured by and payable from a pledge of all revenues accruing to the Sheriff's General Fund, all as provided in the Resolution.
- (24) 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.

- (25) 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.
- (26) 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.
- (27) 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.
- (28) The Orleans Levee District is parishwide and has a 2014 taxable assessed valuation of approximately \$3,130,466,269.
- (29) Payable from the Orleans Levee District's 6.55 mills constitutional *ad valorem* tax (subject to adjustment from time to time due to reassessment).
- (30) Payable from the Orleans Levee District's 6.55 mills special levee improvement *ad valorem* tax (subject to adjustment from time to time due to reassessment).
- (31) The Orleans Parish Communications District is parishwide.
- (32) 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.
- (33) The French Market Corporation is a non-profit corporation owned by the City of New Orleans.
- (34) Payable from the revenues of the French Market.
- (35) The 2012 taxable assessed valuation of the Downtown Development District is \$386,948,870. The 2013 taxable assessed valuation is currently unavailable.
- (36) 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 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.
- (37) The Public Belt Commission for the City of New Orleans is parishwide.
- (38) Secured by and payable solely from moneys that are available after the payment of contractual and statutory obligations and other required expenses, in each of the fiscal years during which the obligations are outstanding, including specifically amounts payable under a Cooperative Endeavor Agreement dated December 15, 2011, the Promissory Note dated January 25, 2012, and a Limited Guaranty Agreement.

(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; Louisiana Stadium and Exposition District; Board of Commissioners of the Port of New Orleans, and all operating and capital leases.)

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APPENDIX “F”

ANNUAL DEBT SERVICE REQUIREMENTS

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DEBT SERVICE SCHEDULE

DRAINAGE SYSTEM REFUNDING BONDS, SERIES 2014 CITY OF NEW ORLEANS, LOUISIANA

Dated Date: 20-Nov-2014 First Payment: 01-Dec-2014 Last Payment: 01-Dec-2022 Delivery Date: 20-Nov-2014		Average Life (years): 4.533576 at par (1) Net Interest Cost: 2.783008% at par (1) Accrued Interest: None			
Payment Date	Principal Due	Interest Rate	Interest Due	Total Debt Service	Calendar Year Debt Service
01-Dec-2014	535,000	2.000%	12,529.30	547,529.30	547,529.30
01-Jun-2015			199,675.00	199,675.00	
01-Dec-2015	1,615,000	2.000%	199,675.00	1,814,675.00	2,014,350.00
01-Jun-2016			183,525.00	183,525.00	
01-Dec-2016	1,650,000	2.000%	183,525.00	1,833,525.00	2,017,050.00
01-Jun-2017			167,025.00	167,025.00	
01-Dec-2017	1,690,000	3.000%	167,025.00	1,857,025.00	2,024,050.00
01-Jun-2018			141,675.00	141,675.00	
01-Dec-2018	1,745,000	4.000%	141,675.00	1,886,675.00	2,028,350.00
01-Jun-2019			106,775.00	106,775.00	
01-Dec-2019	1,815,000	4.000%	106,775.00	1,921,775.00	2,028,550.00
01-Jun-2020			70,475.00	70,475.00	
01-Dec-2020	1,895,000	3.000%	70,475.00	1,965,475.00	2,035,950.00
01-Jun-2021			42,050.00	42,050.00	
01-Dec-2021	1,955,000	2.000%	42,050.00	1,997,050.00	2,039,100.00
01-Jun-2022			22,500.00	22,500.00	
01-Dec-2022	2,000,000	2.250%	22,500.00	2,022,500.00	2,045,000.00
TOTALS . . .	14,900,000		1,879,929.30	16,779,929.30	16,779,929.30
NOTE 1: Calculated from the dated date of the issue.					

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PROPOSED FORM OF LEGAL OPINION

OF

FOLEY & JUDELL, L.L.P.

AND

AUZENNE & ASSOCIATES, L.L.C.

CO-BOND COUNSEL

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[PROPOSED FORM OF LEGAL OPINION]

Sewerage and Water Board
of New Orleans
New Orleans, Louisiana

Board of Liquidation, City Debt
New Orleans, Louisiana

\$14,900,000
CITY OF NEW ORLEANS, LOUISIANA
DRAINAGE SYSTEM REFUNDING BONDS, SERIES 2014

We have acted as co-bond counsel to the City of New Orleans, Louisiana (the "City"), in connection with the issuance by the City of the captioned bonds (the "Bonds"). The Bonds are issued in fully registered form, are dated, bear interest at the rates, mature on the dates and in the principal amounts, [and are subject to redemption] as set forth in the Resolution (hereinafter defined). Capitalized terms used herein and not specifically defined have the meanings assigned to them in the Resolution.

The Bonds have been issued by the City, acting by and through the Sewerage and Water Board of New Orleans (the "Board") and the Board of Liquidation, City Debt (the "Board of Liquidation"), pursuant to (i) a Basic Bond Resolution adopted by the Board on September 17, 2014, and (ii) a Supplemental Bond Resolution adopted by the Board of Liquidation on October 29, 2014 (collectively, the "Resolution"), for the purpose of refunding all of the City's outstanding Drainage System Bonds, Series 1998 and Drainage System Bonds, Series 2002 (collectively, the "Refunded Bonds") and paying the costs of issuance associated therewith. The Bonds are issued under the authority conferred by Sections 4147 through 4156 of the Louisiana Revised Statutes of 1950, as amended (the "Act"), Chapter 14-A of Title 39 of the Louisiana Revised Statutes of 1950, as amended (the "Refunding Act"), and other constitutional and statutory authority.

We have examined the provisions of the Constitution and statutes of the State of Louisiana, a certified transcript of the proceedings of the Board and the Board of Liquidation relating to the issuance of the Bonds and such other documents, proofs and matters of law as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation. 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 have been duly authorized, executed and delivered and constitute legally binding special and limited obligations of the City.

2. The Bonds are secured by and payable from a pledge and dedication of the funds to be derived by the City from the levy and collection of a special tax of seven and six hundredths (7.06) mills (such rate being subject to adjustment from time to time due to reassessment) presently being levied and collected pursuant to La. R.S. 33:4147, effective for the years 1982 through 2031, inclusive, which tax was originally authorized at nine (9) mills pursuant to an election held in the City on May 16, 1981 (the "Tax").

3. The lien of the owners of the Bonds on the revenues of the Tax will be superior to the lien on such revenues of any obligations hereafter issued and payable therefrom except *pari passu* additional obligations hereafter issued within the terms, limitations and restrictions contained in the Resolution.

4. Interest on the 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; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining adjusted current earnings.

5. Under the Act, the Bonds are exempt from all taxation in Louisiana for state, parish, municipal or other local purposes.

In rendering the opinion expressed in numbered paragraph 4 above, we have relied on representations of the Board and the Board of Liquidation with respect to questions of fact material to our opinion without undertaking to verify same by independent investigation, and have assumed continuing compliance with covenants in the Resolution pertaining to those sections of the Internal Revenue Code of 1986, as amended, which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the Board or Board of Liquidation fails to comply with the foregoing covenants in the Resolution, interest on the Bonds could become included 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 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 “H”

PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

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[PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE]

**\$14,900,000
DRAINAGE SYSTEM REFUNDING BONDS, SERIES 2014
OF THE
CITY OF NEW ORLEANS, LOUISIANA**

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of New Orleans, Louisiana (the "Issuer" or the "City"), acting through its duly elected Mayor, the Board of Liquidation, City Debt (the "Board of Liquidation"), and the Sewerage and Water Board of New Orleans (the "Sewerage and Water Board"), the entities created and charged by law with the issuance and administration of the drainage system bonds of the Issuer, acting through its undersigned officers, duly authorized hereunto, in connection with the issuance of \$14,900,000 City of New Orleans, Louisiana Drainage System Refunding Bonds, Series 2014 (the "Bonds"). The Bonds are being issued pursuant to a Basic Bond Resolution adopted by the Sewerage and Water Board on September 17, 2014 and a Supplemental Resolution adopted by the Board of Liquidation on October 29, 2014, by Resolution adopted by the Council of the City on October 2, 2014, and by a resolution adopted by the Sewerage and Water Board on November 19, 2014 (collectively, the "Resolutions"), and Certificates of Determination executed by the Board of Liquidation and the Sewerage and Water Board on November 5, 2014. The Bonds are described in that certain Official Statement dated November 5, 2014 (the "Official Statement") which contains certain information concerning the Issuer, the Bonds and certain financial and other information relating thereto. The Issuer covenants and agrees as follows:

SECTION 1. *Definitions.* In addition to the definitions set forth in the preceding paragraph and in the Resolutions, 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.

"Bond Resolution" shall mean the Basic Bond Resolution adopted by the Sewerage and Water Board on September 17, 2014, as supplemented by the Supplemental Resolution adopted by the Board of Liquidation on October 29, 2014.

"Bondholder" shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean the duly appointed Secretary of the Board of Liquidation, or any successor Dissemination Agent designated by the Issuer, whose mailing address is Room 8E17, City Hall, 1300 Perdido Street, New Orleans, Louisiana 70130.

"EMMA" shall mean the internet-based portal referred to as the Electronic Municipal Market Access System operated and maintained by the Municipal Securities Rulemaking Board. The online address of EMMA is www.emma.msrb.org.

"GAAP" shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Government Accounting Standards Board and in effect from time to time.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the single centralized repository for the collection and availability of continuing disclosure documents for purposes of the Rule. The continuing disclosure documents must be provided to the MSRB in portable document format (PDF) and in compliance with Section 14 of this Disclosure Certificate to the following:

Municipal Securities Rulemaking Board
Electronic Municipal Market Access Center
<http://emma.msrb.org>

"Notice of Material Events" shall mean the Notice required to be given in accordance with Section 5 hereof.

"Official Statement" shall mean the Official Statement with respect to the Bonds dated November 5, 2014.

"Participating Underwriter" shall mean any of the original Underwriters (as defined in the Resolutions) of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

"Repositories" shall mean the MSRB 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.

"SEC" shall mean the Securities and Exchange Commission.

"Securities Counsel" shall mean legal counsel expert in federal securities law.

"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 Issuer, the Board of Liquidation and the Sewerage and Water Board for the benefit of the owners of the Bonds and the Participating Underwriter, and in order to assist the Participating Underwriter in complying with the Rule.

SECTION 3. *Provision of Annual Reports.*

- (a) Each year, the Issuer, acting through the Board of Liquidation, and the Sewerage and Water Board shall provide, or shall cause the Dissemination Agent to provide, not later than eight (8) months from the end of the Issuer's fiscal year, with the first such

report to be due not later than August 31, 2015, provide to the Repositories an Annual Report which is consistent with the requirements set forth in Section 4 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 Issuer, the Sewerage and Water Board and the Board of Liquidation 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 of Liquidation, shall send a Notice of Failure to File Annual Report to each of the Repositories, in substantially the form attached as Exhibit A.
- (c) If the City's, the Board of Liquidation's, or the Sewerage and Water Board's fiscal year changes, the Dissemination Agent shall send written notice of such change to the Repositories, in substantially the form attached as Exhibit B.
- (d) 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 Annual Report shall contain or incorporate by reference the following:

1. Audited financial statements of the Issuer, the Board of Liquidation and the Sewerage and Water Board for the preceding fiscal year. If the Issuer'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.
2. Basis of accounting used by the Issuer in reporting its financial statements. The Issuer follows 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.
3. The total amount of debt of the City issued, as well as any debt secured by the Tax (as defined in the Bond Resolution) and any general obligation debt which has been authorized but not yet issued.
4. Any material changes in the assessment procedures and the homestead exemption as authorized by law.
5. The assessed value of taxable property in the Issuer and homestead exemptions for the most recent tax year available from the Louisiana Tax Commission.
6. The assessed value of property by classifications for the Issuer for the most recent tax year available from the Louisiana Tax Commission.

7. The *ad valorem* tax levies and collections of the Issuer and the Sewerage and Water Board for the prior tax year.
8. The millage rates for the prior tax year.
9. A listing of the ten largest *ad valorem* taxpayers within the Issuer for the prior tax year.

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 the Sewerage and Water Board or related public entities, which have been submitted to each of the Repositories or the SEC. If the document incorporated by reference is a deemed final official statement, it shall be available from the MSRB. The Issuer 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 with respect to the Bonds:

- (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 other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (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 City or the Sewerage and Water Board;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Issuer or the Sewerage and Water Board or the sale of all or substantially all of the assets of the Issuer or the Sewerage and Water Board, 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
- (xiv) Appointment of a successor or additional paying agent or the change of name of a paying agent, if material.

(b) Whenever the Issuer, the Board of Liquidation or the Sewerage and Water Board obtains knowledge of the occurrence of a Listed Event, the Issuer, acting through the Board of Liquidation, 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.

(c) In connection with providing a notice of the occurrence of a Listed Event, the Board of Liquidation, solely in its capacity as Dissemination Agent, is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the notice for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

(d) The Dissemination Agent, on behalf of the City and the Sewerage and Water Board, acknowledges that the "rating changes" referred to above in Section 5(a)(xi) of this Disclosure Certificate may include, without limitation, any change in any rating on the Bonds or any Parity Bonds issued pursuant to the Bond Resolution.

(e) The Dissemination Agent, on behalf of the City and the Sewerage and Water Board, acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the Dissemination Agent, on behalf of the City or the Sewerage and Water Board, does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

(f) As of the date of this Disclosure Certificate, the Listed Events described in subsections (a)(iii), (a)(iv) and (a)(v) are not applicable to the Bonds.

SECTION 6. *Management Discussion of Items Disclosed.* If an item required to be disclosed as part of the Annual Report or the Listed Events would be misleading without discussion, the Issuer, acting through the Board of Liquidation, shall additionally provide a statement clarifying the disclosure in order that the statement made will not be misleading in light of the circumstances in which it is made.

SECTION 7. *Termination of Reporting Obligation.* (a) The obligations of the Issuer, the Sewerage and Water Board and the Board of Liquidation under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the City, the Board of Liquidation and/or the Sewerage and Water Board (i) receives an opinion of Securities Counsel, addressed to the City, the Board of Liquidation and/or the Sewerage and Water Board, to the effect that those portions of the Rule, which require such provisions of this Disclosure Certificate, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) files notice to such effect with the MSRB.

SECTION 8. *Dissemination Agent.* The City and the Sewerage and Water 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. The initial Dissemination shall be the Board of Liquidation. Except as otherwise provided in this Disclosure Certificate, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate.

SECTION 9. *Amendment; Waiver.* (a) Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if:

- (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, the Board of Liquidation or the Sewerage and Water Board or the type of business conducted by the City, the Board of Liquidation or the Sewerage and Water Board;

- (ii) This Disclosure Certificate, as amended, or the provision, as so amended or taking into account such waiver would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (iii) The amendment or waiver does not materially impair the interests of the Bondholders or beneficial owners, as determined either by an opinion of a nationally recognized bond counsel or by approving vote of the Bondholders pursuant to the terms of the Bond Resolution at the time of the amendment.

(b) In the event of any such amendment or waiver of a provision of this Disclosure Certificate, the Issuer, the Board of Liquidation and the Sewerage and Water Board shall describe such amendment in the next Annual Report, and shall include a narrative explanation of the reason for the amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Certificate, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Disclosure Certificate, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of such differences and the impact of the changes in the presentation of the financial information. To the extent reasonably reasonable, the comparison shall also be quantitative. A notice of change in accounting principles shall be filed by the City or the Sewerage and Water Board, or the Dissemination Agent at the written direction of the City or the Sewerage and Water Board, with the MSRB.

SECTION 10. *Additional Information.* Nothing in this Disclosure Certificate shall be deemed to prevent the City, the Board of Liquidation or the Sewerage and Water 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, the Board of Liquidation or the Sewerage and Water 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, the City, the Board of Liquidation or the Sewerage and Water Board shall have no 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 11. *Default.* In the event of a failure of the City, the Dissemination Agent or the Sewerage and Water Board to comply with any provision of this Disclosure Certificate any Bondholder or beneficial owner or the Participating Underwriter may take such actions as may be necessary to obtain specific performance of the obligations of the City, the Dissemination Agent or the Sewerage and Water Board under this Disclosure Certificate, but no person or entity shall be entitled to recover

monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Disclosure Certificate shall not constitute a default with respect to the Bonds or under the Bond Resolution.

SECTION 12. *Duties of Dissemination Agent.* The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 13. *Beneficiaries.* This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Sewerage and Water Board, the Participating Underwriter, the Bondholders and the beneficial owners, and shall create no rights in any other person or entity.

SECTION 14. *Other Stipulations.* Any document submitted to the MSRB pursuant to this Disclosure Certificate shall be accompanied by identifying information as prescribed by the 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).

SECTION 15. *Governing Law.* This Disclosure Certificate shall be construed and interpreted in accordance with the laws of the State of Louisiana, and any suits and actions arising out of this Disclosure Certificate shall be instituted in a court of competent jurisdiction in the State of Louisiana. Notwithstanding the foregoing, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

IN FAITH WHEREOF, the undersigned have executed this Continuing Disclosure Certificate on this, the _____ day of _____, 2014.

CITY OF NEW ORLEANS, LOUISIANA

By: _____
Name: Mitchell J. Landrieu
Title: Mayor

BOARD OF LIQUIDATION, CITY DEBT

By: _____
Name: Mary K. Zervigon
Title: President

**SEWERAGE AND WATER BOARD OF
NEW ORLEANS**

By: _____
Name: Cedric S. Grant
Title: Executive Director

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: \$14,900,000 Drainage System Refunding Bonds, Series 2014

Date of Issuance: November 20, 2014

NOTICE IS HEREBY GIVEN that the _____ has not provided an Annual Report as required by the Continuing Disclosure Certificate executed in connection with the above-described bonds. The Issuer anticipates that its Annual Report will be filed by _____, 20__.

Date: _____, 20__.

CITY OF NEW ORLEANS, LOUISIANA

By: _____

EXHIBIT B

NOTICE OF CHANGE IN _____ FISCAL YEAR

Name of Obligated Person: _____

Name of Bond Issue \$14,900,000 City of New Orleans, Louisiana
Drainage System Refunding Bonds, Series 2014

Date of Bonds: November 20, 2014

NOTICE IS HEREBY GIVEN that the fiscal year of the _____ has changed. Previously the _____'s fiscal year ended on _____. It now ends on _____.

CITY OF NEW ORLEANS, LOUISIANA

By: _____

Name: Mitchell J. Landrieu

Title: Mayor

**SEWERAGE AND WATER BOARD OF
NEW ORLEANS**

By: _____

Name: Cedric S. Grant

Title: Executive Director

BOOK-ENTRY ONLY SYSTEM

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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”). 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 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 Standard & Poor’s highest rating: AAA. 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 and www.dtc.org.

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.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue 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 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 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, the 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 are required to 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 UNDERWRITER 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 NOR THE UNDERWRITER 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.

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