

New Orleans, Louisiana, June 16, 2017

A special meeting of the Board of Liquidation, City Debt (Board) was held this date at the office of the Board, Room 8E17, New Orleans, Louisiana pursuant to notice duly given as provided by law. The special meeting was called to order at 3:10 P.M. by the President, Ms. Mary K. Zervigon. Ms. Zervigon asked the Assistant Secretary to call the roll and announce the number of members present. The roll call was as follows:

PRESENT:	Mr. Arnold	
	Councilmember Head	
	Mr. Hebert (for Mayor Landrieu)	
	Mr. Moody	FIVE MEMBERS AND A
	Ms. Zervigon	QUORUM

ABSENT:	Mr. Blue
	Mr. Johnson
	Mr. O'Connor
	Councilmember Williams

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

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

The President stated that the minutes of the November 16, 2016, regular meeting had been circulated to the members. She asked if there were any comments, there being none the minutes were adopted as circulated.

The President also stated that the auditor's report for the months of November 2016; December 2016; January 2017; February 2017; March 2017; April 2017; and May 2017 were in each member's folder. She asked the members to review the reports and address any questions to the Secretary. There being none, the reports were ordered filed.

The President announced the Assistant Secretary of the Board, Mr. Tracy Madison, would be handling the duties of the Secretary at this meeting, while the Secretary, Mr. Gernhauser was in attendance.

The President asked the Assistant Secretary to address item #4 on the agenda, a resolution providing for the early repayment of the Gulf Opportunity Zone Assistance Loans (GO Zone Loan) to the Louisiana Department of Administration (DOA) in the amount of \$20,819,361.58 on or before June 30, 2017, and other matters in connection to the repayment. The Assistant Secretary stated that these loans were incurred in July of 2006, with debt service deferred for 5 years until 2012 and the loan term to July 2026. He said the BLCD has been in contact with the DOA and requested an early repayment of the GO Zone Loan on June 23, 2017. Mr. Hebert said the Board had discussed the early repayment last year, but asked that the discussion to be tabled as a result of the flooding issues the State was facing and until after the City had time to negotiate their GO Zone Loan liability with the DOA. The Assistant Secretary stated early repayment of the Board's GO Zone loans will result in interest savings of \$4,670,822.64, over the term of the loans, which would have been included in the Board's annual millage levy. Mr. Arnold asked if this required the same number of members approval as a bond refunding authorization. Mr. Jason Akers, co-bond counsel stated this was an early repayment of a loan between the Board and the State of Louisiana through a cooperative endeavor agreement and required a simple majority of the Board. He said a bond refunding requires 2/3rds approval of the Board membership to hire the underwriters.

Mr. Hebert (for Mayor Landrieu) moved for adoption of the resolution, Mr. Arnold seconded and on roll call the vote was as follows:

AYES:	ARNOLD, HEAD, HEBERT (FOR MAYOR LANDRIEU), MOODY, ZERVIGON
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NAYS: NONE

ABSENT: BLUE, JOHNSON, O'CONNOR, WILLIAMS

And the resolution was adopted.

The President asked the Assistant Secretary to address item #5 on the agenda, a resolution authorizing the BLCD staff to make early repayment of the Downtown Development District (DDD) GO Zone Assistance Loan to the DOA in the amount of \$1,206,282.15 on or before June 30, 2017, per the DDD Resolution 17-05 adopted May 2, 2017.

Mr. Hebert (for Mayor Landrieu) moved for adoption of the resolution, Mr. Moody seconded and on roll call the vote was as follows:

AYES: ARNOLD, HEAD, HEBERT (FOR MAYOR LANDRIEU), MOODY, ZERVIGON

NAYS: NONE

ABSENT: BLUE, JOHNSON, O'CONNOR, WILLIAMS

And the resolution was adopted.

The President then asked the Assistant Secretary to address item #6 on the agenda, authorizing the issuance of request for proposals (RFP) to solicit auditors; bond counsel; and financial advisors to the Board. He stated the professional contracts expire December 31, 2017, and the BLCD staff is requesting authorization to issue an RFP for each professional service. Mr. Arnold said professional contracts should be awarded on competence and not necessarily price. He said at the Sewerage and Water Board of New Orleans (SWBNO) Disadvantaged Business Enterprises (DBE) percentage is stated in the RFPs. Mr. Arnold said the Board awarded the contract to co-bond counsel last time and asked if the Board should hire a DBE firm if one is available this time. He also asked if the Board would hire bond counsel and have the primary counsel hire a qualified DBE firm. He said the same would hold true for the financial advisor contractor to the Board and asked how these professional services were selected and how they would be selected this time. Ms. Zervigon said the Board with regard to the financial advisor selected the primary firm last time and had that firm select the co-financial advisor. She said the Board selected co-bond counsel, including a primary firm and two minority firms that had responded to the RFP. Ms. Zervigon stated that it was the responsibility of the firms selected to determine how the work was to be divided. Councilmember Head stated that there is a difference between minority and DBE. She said DBE was race and gender neutral and that it is not legal to award a contract otherwise. She said DBE is a certification and the city has a list of the firms qualifying for various professional services. Mr. Hebert stated that there were three DBE lists, the city of New Orleans has a list, the SWBNO has a list which uses the same criteria as the City, and a third list from the State of Louisiana Department of Transportation. Mr. Gernhauser said the RFP will be distributed to those DBE firms that are listed on the City, SWBNO and State of Louisiana qualified DBE rosters. Mr. Arnold said that contradicts having the primary selecting a DBE firm. Ms. Zervigon said the primary firms would have to select a qualified DBE firm from the three lists supplied by the City, SWBNO and State of Louisiana. Mr. Akers stated on behalf of Foley & Judell that during the last application process, his firm applied individually and was willing to work with the firms selected by the Board as co-bond counsel. Mr. Randy McKee, co-bond counsel, stated that his firm had also applied separate and apart from other firms and agreed to work with the team selected by the Board. Councilmember Head asked if Mr. McKee's firm was a certified DBE. He stated that his firm was not a DBE firm, but that was understood three years ago when the Board hired him. Councilmember Head stated that the Board is not meeting its goal of 35% DBE participation if the firms hired are minority and not certified DBE. Ms. Zervigon stated that this was not a construction contract, but a professional contract, and Mr. McKee holds a technical expertise that is required by the Board. Mr. McKee stated that his firm was hired on experience and expertise in the bond industry and not by his firm's net assets. Mr. Arnold stated that the Board had co-bond counsel in the past that did not include a DBE firm. He said at the SWBNO a professional contract does not require hiring a DBE firm. He said the professional contracts are awarded on the expertise of the primary firm, not on the qualifications of the DBE firm. Mr. Hebert said from the City

Administration perspective there is a goal of 35% DBE participation on professional services contracts. He said through the scoring criteria of the RFP, 5 to 10 points are awarded to firms with a DBE certification. Mr. Hebert said that awarding additional points to qualified DBE firms helps achieve the goal of 35% DBE participation. Mr. Arnold stated that the RFP will be distributed and that all firms submitting a response will be primary firms and would either select a DBE firm or submit their proposal including a DBE firm. Ms. Zervigon stated that DBE firms would also be allowed to submit proposals as a primary firm if qualified. Mr. Arnold stated that the Board would be taking a risk using a DBE firm as primary counsel or financial advisor when selling bonds in the national market. Ms. Zervigon said theoretically speaking, if a DBE firm qualifies, they could be the lead on a national bond sale. Councilmember Head said the process to become a certified DBE contractor is offensive to some sophisticated professionals and makes them present themselves in a way that does not represent who they are. Ms. Zervigon said the councilmember is talking about a change to the entire DBE system and that this Board is not in a position to make those changes. Mr. Arnold said this Board could make its own DBE qualifications. Councilmember Head said this Board deals with such a sophisticated level of expertise that it should try to change the DBE qualifications to include all minority and women owned businesses with the expertise to serve this Board. Mr. Hebert said that these two things should be separated out 1) the Board should send out the RFPs with the intent to achieve these goals and see what responses are received and 2) that the DBE certification process does not achieve in attracting the technically qualified professionals the Board is seeking. Mr. Arnold said he wanted the Board to hire the most qualified and technical professional available to represent the Board when issuing bonds in the national market. Mr. Arnold stated that when hiring bond counsel other factors should be considered. He said that qualified firms may bid less of a fee than the amount stipulated on the attorney general guidelines. He said all these factors should be considered when hiring bond counsel. Councilmember Head asked what would be included in the RFP for firms to respond. Mr. Gernhauser stated that the RFP's will reflect much of what was included in the 2014 requests, but would be amended to include what was discussed today along with guidelines provided by the Government Finance Officers (GFOA) recommendations. Mr. Gernhauser said the Board President, along with the Board staff and legal counsel, prepared a list of guidelines for request for proposals. He said these guidelines were prepared from the last Board meeting discussing the RFP process and includes the distribution and advertising of the RFPs to the evaluation and a recommendation to the Board from the responses. He said this process is meant to be as transparent as possible and will include input from the Board members before distribution. Councilmember Head said that the matrix used to evaluate the responses will determine how firms rate and will give the Board members a better understanding of the responses and recommendations. Mr. Arnold said with the RFP process to hire underwriters, the Board's professionals are called upon to evaluate and make recommendations. He said the Board does not have that luxury in this process, the evaluation and determination is made solely by the members and staff evaluation. The Secretary said the Board will send drafts of the RFP to the members for their review and recommendations as well as distributing the final RFP to firms at the local, state and national level. He said the RFP will be advertised in local and national newspapers, in print and online, and posted on the Board's website, with a link on the City's website directing firms to the RFP, allowing 30 days to respond. He said the staff plans to release the RFP the first week of September and a deadline to respond the first week of October. After allowing time to evaluate the responses he said the Board should convene to select the professional services at a meeting late October or November 2017. Mr. Moody said that the most important point is that this process be open and clear. Mr. Hebert said he felt the primary firms should select which DBE firms they would want to submit a proposal. Mr. Akers stated that this format of stated goals and transparency, by opening up to as many respondents as possible does not reflect his firms' ability to team up with other firms. He said they have worked with many different firms representing the Board throughout the years. He said requiring firms to team up with another firm on their response limits the responses the Board will receive as well as limits the number of DBE firms that would be able to respond. Mr. Hebert stated that he disagreed and that with city contracts teams come together and submit proposals. He said it is not the role of government to determine who a firm should work with. Mr. Arnold asked what criteria would be used to determine who is selected. Ms. Zervigon stated that it was not necessary to make that decision at this meeting. Mr. Hebert said he will send the criteria used by the city to grade and evaluate RFP responses. Councilmember Head said having firms team up to submit proposals was similar to a firm hiring an associate to work in the firm. Mr. Arnold said the point system used in the criteria for selecting firms awards additional points for firms teaming up with a DBE firm in their proposal. Mr. Hebert said that if a firm is qualified for the work and agrees to the DBE participation, additional points are added to the score of the firm submitting. Mr. Arnold asked if a firm submits a proposal to work at 75% of the

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law does not state when a term is filled because of a vacancy. He said filling a term probably constitutes a full term. Ms. Zervigon said since the members currently serving on the SWBNO are in their first term, it is not applicable, but the Board will need to know in four years how the law applies to term limits when a member fills a vacancy. Mr. Arnold said it was a four year commitment to serve on the SWBNO. Mr. Hebert asked Mr. Forrester to get back with him on the vacancy issue regarding the Board members serving on the SWBNO. Councilmember Head asked about the nominating process to the Board of Liquidation. Mr. Gernhauser stated the president of the Board is the chairperson to the nominating committee, which consists of the president of the Board and the six university presidents. The Board president then sends three nominees to the Mayor for selection of one nominee to be appointed to a twelve year term on the Board. Ms. Zervigon said it is a challenge to solicit names from the university presidents and that a list should be created of nominees for the university presidents to select from to facilitate the process.

There being no further business to come before the Board, Ms. Zervigon motioned for adjournment, Mr. Moody seconded, there being no objections, the meeting was adjourned by the President at 3:50 P.M.

David W. Gernhauser
Secretary