

13 MAY 2026

Fitch Rates New Orleans, LA's \$174MM PIBs 'A-' ; Maintains Rating Watch Negative

Fitch Ratings - Austin - 13 May 2026: Fitch Ratings has assigned an 'A-' rating to the following City of New Orleans, LA bonds:

--\$144.435 million public improvement bonds (PIBs), series 2026A;

--\$30 million taxable PIBs, series 2026B.

Fitch has also maintained the city's existing ratings on Rating Watch Negative

The 'A-' ratings and RWN continue to reflect concerns following a precipitous decline in New Orleans' financial resilience necessitating the issuance of short-term debt to fund payroll expenses, and a large structural imbalance for fiscal 2025. The ratings also incorporate a -1 notch Additional Analytical Factor that reflects the city's history of pension contributions below the Actuarially Determined Contribution (ADC) for the firefighter pension fund and its low assets-to-liability ratio.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

--A decline in available general fund reserve levels sustained below 5% of spending, which would lower Fitch's assessment of financial resilience to 'bb';

--A sustained approximate 35% increase in long-term liabilities and carrying costs assuming current levels of personal income and governmental resources;

--Continued underfunding of the ADC for the firefighter pension plans, further increasing the risk to depletion and leading to a higher net pension liability and contribution levels.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

--Removal of the RWN and assignment of a Stable Rating Outlook could occur if the city is able to resume and maintain a structurally balanced budget that includes operating reserve levels equal to at least 5% of general fund expenditures;

--A sustained approximate 25% decrease in long-term liability metrics assuming current levels of personal income and governmental resources;

--Improved demographic and economic trend and level metrics — in particular, a reversal of the city's declining population trend;

--Sustained full funding of the city's actuarially determined contributions to its pension plans resulting in healthier funded levels could result in the removal of the negative Additional Analytical Factor.

SECURITY

The outstanding GO bonds and PIBs are payable from an unlimited ad valorem tax levied against all taxable property in the city. Outstanding LT bonds are payable from limited ad valorem taxes (such rates subject to adjustment periodically due to reassessment) upon all taxable property in the city. Additionally, the Board of Liquidation, which has an independent board and manages all bonded unlimited tax GO debt matters of the city, including setting millage rates for repayment.

Fitch's Local Government Rating Model

The Local Government Rating Model generates Model Implied Ratings, which communicate the issuer's credit quality relative to Fitch's local government rating portfolio. (The Model Implied Rating will be the Issuer Default Rating except in certain circumstances explained in the applicable criteria.) The Model Implied Rating is expressed via a numerical value calibrated to Fitch's long-term rating scale that ranges from 10.0 or higher (AAA), 9.0 (AA+), 8.0 (AA), and so forth down to 1.0 (BBB- and below).

Model Implied Ratings reflect the combination of issuer-specific metrics and assessments to generate a Metric Profile and a structured framework to account for Additional Analytical Factors not captured in the Metric Profile that can either mitigate or exacerbate credit risks. Additional Analytical Factors are reflected in notching from the Metric Profile and are capped at +/-3 notches.

Ratings Headroom & Positioning

New Orleans Model Implied Rating: 'A-' (Numerical Value: 4.26)

-- Metric Profile: 'A' (Numerical Value: 5.26)

-- Net Additional Analytical Factor Notching: -1.0

Individual Additional Analytical Notching Factors:

-- Pension Contributions: -1.0

New Orleans' Model Implied Rating is 'A-'. The associated numerical value of 4.26 is at the lower end of the 4.0 to 5.0 range for a 'A-' rating.

Key Rating Drivers

Financial Profile

Financial Resilience - 'bbb'

New Orleans' financial resilience is driven by the combination of its 'Low' revenue control assessment and 'Midrange' expenditure control assessment, culminating in a 'Limited' budgetary flexibility assessment.

- Revenue control assessment: Low
- Expenditure control assessment: Midrange
- Budgetary flexibility assessment: Limited
- Minimum fund balance for current financial resilience assessment: $\geq 5.0\%$
- Current year fund balance to expenditure ratio: 7.2% Analyst Input (vs. 7.5% 2024 Actual)
- Lowest fund balance to expenditure ratio for the fiscal-year period 2020-2024: 7.5% (2024)

Revenue Volatility - 'Midrange'

New Orleans' weakest historic three-year revenue performance has a modest negative impact on the Model Implied Rating.

The revenue volatility metric is an estimate of potential revenue volatility based on the issuer's historical experience relative to the median for the Fitch-rated local government portfolio. The metric helps to differentiate issuers by the scale of revenue loss that would have to be addressed through revenue raising, cost controls or utilization of reserves through economic cycles.

- Lowest three-year revenue performance (based on revenues dating back to 2005): 6.8% decrease for the three-year period ending fiscal 2021

Demographic and Economic Strength

Population Trend - 'Weakest'

Based on the median of 10-year annual percentage change in population, New Orleans' population trend is assessed as 'Weakest'.

Population trend: -0.4% Analyst Input (3rd percentile) (vs. -0.1% 2023 median of 10-year annual percentage change in population)

Unemployment, Educational Attainment and MHI Level - 'Weak'

The overall strength of New Orleans' demographic and economic level indicators (unemployment rate, educational attainment, median household income [MHI]) in 2024 are assessed as 'Weak' on a composite basis, performing at the 38th percentile of Fitch's local government rating portfolio. This is due to very low median-issuer indexed adjusted MHI and elevated unemployment rate offsetting high education attainment levels.

-- Unemployment rate as a percentage of national rate: 122.5% 2024 (25th percentile), relative to the national rate of 4.0%

-- Percent of population with a bachelor's degree or higher: 42.3% Analyst Input (78th percentile) (vs. 41.9% 2023 Actual)

-- MHI as a percent of the portfolio median: 73.6% Analyst Input (12th percentile) (vs. 76.3% 2023 Actual)

Economic Concentration and Population Size - 'Strongest'

New Orleans' population in 2023 was of sufficient size and the economy was sufficiently diversified to qualify for Fitch's highest overall size/diversification category.

The composite metric acts asymmetrically, with most issuers (above the 15th percentile for each metric) sufficiently diversified to minimize risks associated with small population and economic concentration. Downward effects of the metric on the Metric Profile are most pronounced for the least economically diverse issuers (in the 5th percentile for the metric or lower). The economic concentration percentage shown below is defined as the sum of the absolute deviation of the percentage of personal income by major economic sectors relative to the U.S. distribution.

-- Population size: 362,701 Analyst Input (above the 15th percentile) (vs. 365,167 2023 Actual)

-- Economic concentration: 41.6% Analyst Input (above the 15th percentile) (vs. 39.1% 2024 Actual)

Analyst Inputs to the Model

Analyst inputs to the model reflect metric adjustments to account for historical data anomalies, forward-looking performance shifts, or non-recurring events that may otherwise skew the time series.

The city's 2024 population estimate and 2024 unemployment data were input into the model.

Long-Term Liability Burden

Long-Term Liability Burden - 'Midrange'

New Orleans' liabilities to governmental revenue has deteriorated while carrying costs to governmental expenditures remain midrange and liabilities to personal income remain moderately weak. The long-term liability composite metric in 2024 is at the 40th percentile, roughly in line with Fitch's local government rating portfolio.

-- Liabilities to personal income: 9.0% Analyst Input (24th percentile) (vs. 8.7% 2024 Actual)

-- Liabilities to governmental revenue: 170.6% Analyst Input (54th percentile) (vs. 165.0% 2024 Actual)

-- Carrying costs to governmental expenditures: 15.3% Analyst Input (46th percentile) (vs. 14.6% 2024 Actual)

Long-Term Liability Burden Additional Analytical Factors and Notching: -1.0 notch (for Pension Contributions)

The -1 notch Additional Analytical Factor reflects the city's history of sizable underfunding of the ADC, particularly the Firefighters' Pension and Relief Fund FPRF (new system), which has resulted in a very low assets to liabilities ratio of 9%. The -1 notch also reflects uncertainty regarding the city's ability and commitment to funding at the ADC given the expected increase resulting from the use of a risk-free rate in the latest actuarial valuation.

Analyst Inputs to the Model

Analyst inputs to the model reflect metric adjustments to account for historical data anomalies, forward-looking performance shifts, or non-recurring events that may otherwise skew the time series.

Fitch adjusted the long-term liability burden metrics to reflect fiscal 2026 principal payments for the city's outstanding debt and issuance of the 2026A and 2026B PIBs. While the city has plans to issue limited tax bonds in the coming months, the amount is still unknown.

The liability metrics also include a forward look on the city's firefighter pension plan (new fund) based on a Jan. 1, 2024 actuarial valuation that uses a risk-free discount rate which lead to a higher net pension liability and ADC.

PROFILE

The city of New Orleans, which is coterminous with Orleans Parish, occupies approximately 199 square miles. New Orleans' status as a major tourism destination, along with its strong and growing commercial presence, has been a major growth driver in recent years.

Sources of Information

In addition to sources of information identified in Fitch's applicable criteria specified below, this action was informed by data from DIVER by Solve.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

Climate Vulnerability Signals

The results of our Climate.VS screener did not indicate an elevated risk for New Orleans (LA) [General Government].

ESG Considerations

New Orleans (LA) [General Government] has an ESG Relevance Score of '4' for Rule of Law, Institutional & Regulatory Quality, Control of Corruption due to diminished financial management and frequent changes in financial management leadership, which has a negative impact on the credit profile and is

relevant to the ratings in conjunction with other factors.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
New Orleans (LA) [General Government]	LT IDR	A- ◆	Rating Watch Maintained	A- ◆

ENTITY/DEBT	RATING	RECOVERY	PRIOR
<ul style="list-style-type: none"> New Orleans (LA) /General ObligiobT - Unlimited Tax/ 1 LT 	A- ◆	Rating Watch Maintained	A- ◆

<ul style="list-style-type: none"> New Orleans (LA) /Limited Ad LT Valorem Tax Revenues/ 1 LT 	A- ◆	Rating Watch Maintained	A- ◆
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RATINGS KEY OUTLOOK WATCH

POSITIVE	⊕	◆
NEGATIVE	⊖	◆
EVOLVING	◊	◆
STABLE	○	

Applicable Criteria

[U.S. Public Finance Local Government Rating Criteria \(pub.01 May 2026\) \(including rating assumption sensitivity\)](#)

Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing

description of model(s).

U.S. Local Government Rating Model, v1.2.0 (1)

Additional Disclosures

[Solicitation Status](#)

Endorsement Status

New Orleans (LA) EU Endorsed, UK Endorsed

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