



ADOPTED 2020 OPERATING & CAPITAL BUDGETS

for the fiscal year ending December 31, 2020



ONE WATER.

ONE VISION.

CONNECTED. COLLABORATIVE. COMMITTED.



OUR MISSION & VISION

Sewerage & Water Board of New Orleans

MISSION

We serve the people of New Orleans and improve their quality of life by providing safe drinking water; removing waste water for safe return to the environment; and draining storm water to protect our community. Our team of experts do this reliably, continuously, and at a reasonable cost.

VISION

We seek to earn and hold the trust and confidence of our customers and community by providing reliable and sustainable water services; and being a model utility in the water industry.



OUR GUIDING PRINCIPLES

Sewerage & Water Board of New Orleans



SERVICE EXCELLENCE

As a public utility, we have a duty to serve our city and its visitors. They count on us to perform our jobs well and to strive for excellence in everything we do.



HONESTY & INTEGRITY

We serve the public and must earn their trust every day through our professional and personal conduct, being ethical and transparent in all we do.



TEAMWORK

We work as a team with our coworkers, partner agencies, and the community to get the job done. We are strong leaders and followers, but most importantly, great teammates.



WORKPLACE CLIMATE

We maintain a positive work environment. We want to be an employer of choice, and place where employees desire to come to work each day. We are inclusive, treat each other with respect, and value every member of our team.



SAFETY

We look out for each other and protect those we serve. We engage in and abide by safe practices, at all times. We never hesitate to act or speak up when we see an unsafe situation.



ACCOUNTABILITY

What we do is of the highest importance to the people of New Orleans. As good stewards of public resources, we hold ourselves and each other to the highest standard.



CUSTOMER FOCUS

We provide consistent, high quality customer service in everything we do. We treat each customer, internal or external, with care and respect, and we take their satisfaction as a personal mission.



MESSAGE FROM THE EXECUTIVE DIRECTOR

Sewerage & Water Board of New Orleans



Honorable Members of the Board of Directors and the Customers and Residents of New Orleans,

To say the success of the Sewerage and Water Board of New Orleans (SWBNO) is crucial to the quality of life of our customers is an astounding understatement. We touch almost every drop of water that travels through the city; be it stormwater, drinking water or wastewater. In that way, our mission to keep New Orleans safe and healthy is woven into the lives of everyone in our community.

That hefty responsibility has been clear since Day 1 of my time as SWBNO's Executive Director. And the accountability associated with our mission has guided the decisions my team and I have made in 2019 regarding how we spend our customers' money, and how we strengthen the delivery of reliable services

We are determined to set this utility on a path to once again be a premier leader for the rest of the water management industry to follow. As you will see laid out in the following pages of our spending plan, 2020 will witness the first deliberate steps in major long-term strategies to do just that.

Our first priority must always be to you, our customers. You will see renewed investments in projects that directly impact your way of life, including but not limited to:

- \$240,000 for repair service cuts where work on water or sewer lines has occurred
- \$138,000 to maintain system valves to lessen the impact of water main breaks on our customers
- \$1 million for canal inspections and cleaning to ensure our drainage system operates at an optimum level

- Continuing our joint multi-year capital program with the City of New Orleans to replace water and sewer lines under their street replacement program, so that we can minimize disruption in your neighborhood.

We make every effort to minimize the inconveniences that accompany our effort to maintain our aging infrastructure. At the same time, we don't want to let this maintenance work distract us from our larger goals.

In 2020 we will kick off our comprehensive master planning process to initiate our new vision. Through this project, we will work with you, the customers, to identify priorities and then create the roadmap for this utility to follow into a sustainable, resilient future.

This year will also see the first steps toward installing automated metering infrastructure, a massive, multi-year undertaking that when complete will eliminate many of the potential points for mistakes in the meter-reading and billing processes.

And we will continue to pursue our plan to end our reliance on steam power and convert our pumps and power supply to modern electricity at a higher level of reliability and a much lower cost.

I'm looking forward to a productive new year with customer service at the top of our minds.

Yours in Service,

Ghassan Korban, P.E.
Executive Director



MESSAGE FROM THE CHIEF FINANCIAL OFFICER

Sewerage & Water Board of New Orleans

Greetings to the Honorable Mayor Cantrell, the Board of Directors and the citizens of New Orleans,



It is my honor to transmit the adopted 2020 operating and capital budget document for the Sewerage and Water Board of New Orleans. The approved 2020 operating budget is \$281M and the approved capital expenditure budget is \$325M. These budgets reflect the highest priorities of the organization to ensure basic service reliability, building upon the successes of 2019 to enhance customer service delivery and jump-start urgent investments in an aging infrastructure.

Our 2019 year started with a substantial amount of financial obligations and ended with significantly increased revenues and collections and reduced payables due to the strong leadership of our Board President, Mayor LaToya Cantrell, and the collaboration of her team to obtain needed funding streams through the 2019 legislative session. In addition, we closed on a \$10 million EPA State Revolving Loan through the Louisiana Department of Environmental Quality which ensured that we can continue to meet our sewer system consent decree requirements. Also, SWBNO was approved to apply for up to \$110 million loan under the Environmental Protection Agency (EPA) Water Infrastructure Finance and Innovation Act (WIFIA) program, which, once executed, will provide most of the remaining funding required to complete our consent decree work. With that financial platform, SWBNO is poised to focus on the financial building blocks necessary to support the identification of new technology, tools and best practices to generate a strong, high performing organization whose values reflect the community which we serve. From these successes, SWBNO will launch into a number of customer focused initiatives while continuing to look for new, innovative funding

sources and balancing issues of affordability on each consumer. This 2020 budget document tells the financial story of SWBNO. It is organized to include our high-level priorities and associated financial picture, including discussion and background on the drivers that impact rates and revenue expectations due to regional economics and customer demand. This demand as well as the rate structure allow us to project our FY 2020 revenues and discuss how we plan to tackle our three priority areas:

- Efforts that improve the day-to-day quality of life for our customers
- Proactive care to prevent new challenges before they start
- Practiced foresight to plan for a bright, reliable future

The remainder of the budget book provides an overview of the current and future states of the utility overall, and each individual system fund.

I want to thank all the members of our Board of Directors for their attentiveness and support during this budget process. Thank you to all customers of the Sewerage and Water Board for your commitment to the growth and success of this historic organization. And a special thank you to all of the committed employees of SWBNO who show up every day, work hard for the community to deliver safe drinking water, ensure that clean water is returned to the local waterways and remove stormwater in a swift and safe manner

Sincerely,


Yvette Downs, Chief Financial Officer

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BOARD OF DIRECTORS

Sewerage & Water Board of New Orleans



About the Board

The Sewerage and Water Board of New Orleans is an independent entity, authorized by the State of Louisiana and governed by an eleven member Board of Directors. The Board of Directors consists of the Mayor, the chair of the Public Works, Sanitation and Environment Committee of the New Orleans City Council or their designee, two representatives of the Board of Liquidation, and seven citizen members, five of which represent each of the council districts, two consumer advocates and one of the appointments shall be a retired civil engineer.

Citizen members are appointed by the mayor with the advice and consent of the city council from a list of nominees submitted by a Selection Committee comprised of representatives from the following organizations: Dillard University, Loyola University, Tulane University, Xavier University, Delgado Community College, University of New Orleans, Southern University at New Orleans, New Orleans Chamber of Commerce, New Orleans Regional Black Chamber of Commerce, and the Urban League of Greater New Orleans.

Citizen members are required to be registered voters in Orleans Parish, shall have been a domiciliary of Orleans Parish for two years previous to their appointment, shall have experience in either architecture, environmental quality, finance, accounting, business administration, engineering, law, public health, urban planning, facilities management, public administration, science, construction, business management, community or consumer advocacy, or other pertinent disciplines, and their appointment shall reflect the gender and racial diversity of the city.

The term of office for members appointed to the Sewerage and Water Board of New Orleans is four years and a member shall serve no more than two consecutive terms of office. The Board holds committee and regular meetings once each month, to which the public is invited. A current schedule of meetings can be found on the website: www.swbno.org under the News & Events page.

BOARD OF DIRECTORS

MAYOR LATOYA CANTREL

President

As Mayor of the City of New Orleans, Ms. Cantrell serves as the President of the Board of Directors. Elected to the City Council in 2012, she began her term as President of the SWBNO Board once she was sworn in as the first female Mayor of New Orleans on May 7, 2018 — just in time to celebrate the City's tricentennial!



TAMIKA DUPLESSIS, PH.D.

President Pro-Tem

Representing District E, Dr. Duplessis is the Executive Dean at Delgado Community College.



JAY H. BANKS

Mr. Banks was selected to represent the City Council on the Board of Directors in 2019. He is the former Director of the Dryades UMCA and serves as councilman for District B.



ROBIN BARNES

Representing District B, Ms. Barnes retired in 2019 as the Executive Vice President and Chief Operating Officer of Greater New Orleans, Inc.



ALEJANDRA GUZMAN

Representing as a Consumer / Community Advocate, Ms. Guzman has served as the Vice President of Performance Management and Strategy at the New Orleans Business Alliance since 2016.



JANET HOWARD

Representing District B, Ms. Howard previously served as President and CEO of the Bureau of Governmental Research and is currently principal of Howard Policy Solutions LLC.



RALPH JOHNSON

Representing the Board of Liquidation, Mr. Johnson is the Chief Financial Officer and Vice President of Business and Administrative Affairs at Dillard University.



JOSEPH PEYCHAUD

Representing as a Consumer/Community Advocate, Mr. Peychaud is a lifelong resident of New Orleans and currently serves as Principal of the Waldorf School of New Orleans.



LYNES R "POCO" SLOSS

As a representative of the Board of Liquidation, Mr. Sloss is the President and CEO of Bellwether Technology Corporation and served on the New Orleans City Planning Commission for ten years.



MAURICE G. SHOLAS, M.D., PH.D.

Representing District C, he is the principal for Sholas Medical Consulting, LLC.



BOARD OF DIRECTORS

Committee Membership^w



FINANCE & ADMINISTRATION

Poco Sloss
Chair

Janet Howard

Joseph Peychaud

Alejandra Guzman

Ralph Johnson



AUDIT

Tamika Duplessis, Ph.D.
Chair

Robin Barnes

Joseph Peychaud

Maurice Sholas

Alejandra Guzman



GOVERNANCE

Ralph Johnson
Chair

Robin Barnes

Lynes Sloss

Jay H. Banks

Janet Howard



STRATEGIC PLANNING

Robin Barnes
Chair

Lynes Sloss

Maurice Sholas

Janet Howard

Tamika Duplessis



PENSION

Joseph Peychaud
Chair

Maurice G. Sholas, M.D., Ph.D.

Jay Banks

Alejandra Guzman

Ralph Johnson

Retiree Trustee

Harold Heller

Employee Trustees

Christopher Bergeron

Chante Powell

Latressia Matthews

^wAn Operations Committee is in development but was not incorporated into the bylaws at the time that the 2020 budget went into effect

ORGANIZATIONAL STRUCTURE

Senior Leadership



Ghassan Korban
Executive Director



Christy Harowski
Chief of Staff



Robert Turner
General Superintendent



Richard Rainey
Chief of Communications



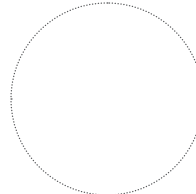
Yvette Downs
Chief Financial Officer



Yolanda Grinstead
Special Counsel



David Callahan
Chief Administrative Officer

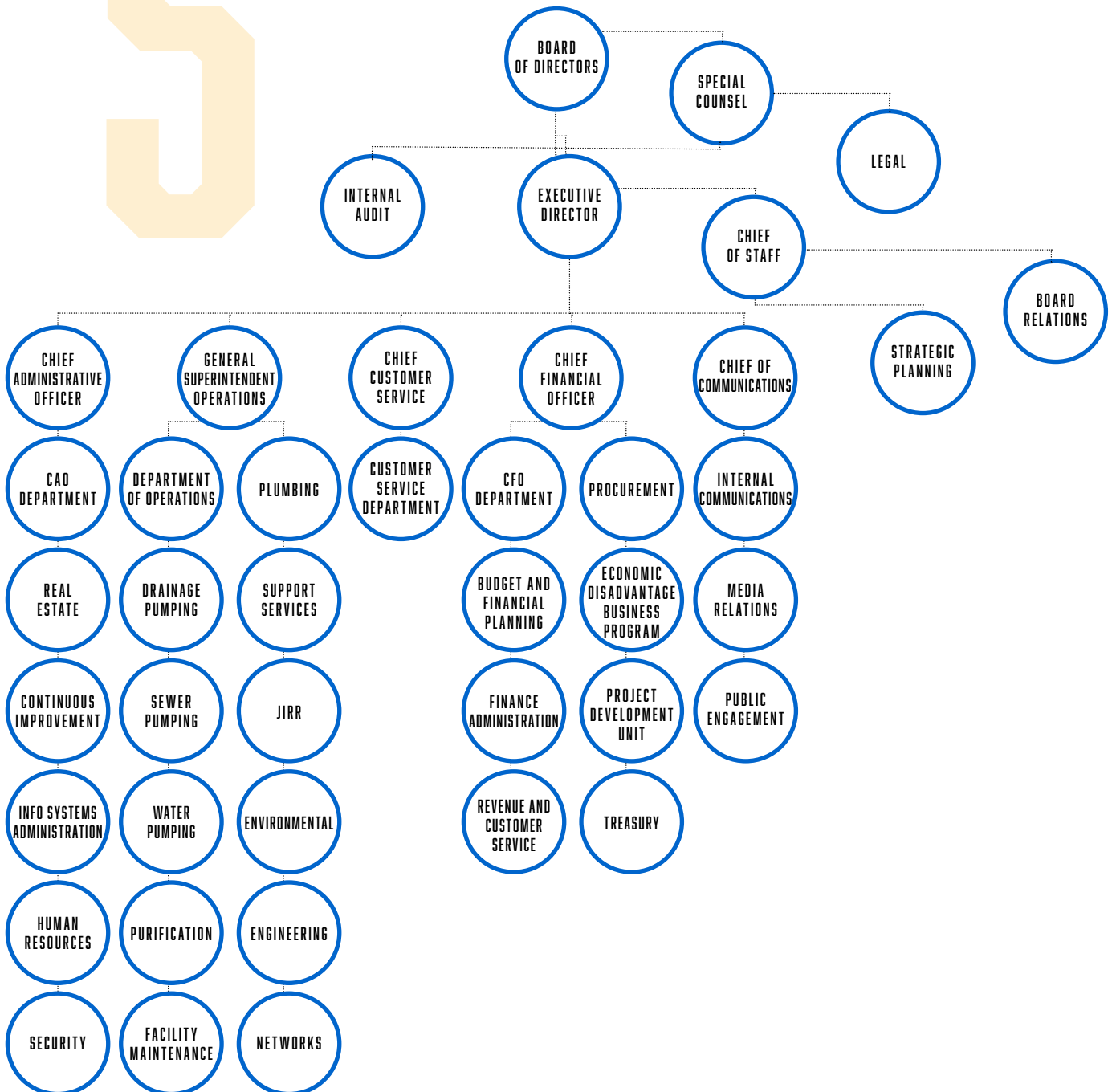


Vacant
Chief of Customer Service

ORGANIZATIONAL STRUCTURE

Sewerage and Water Board Organizational Chart

SWBNO is committed to optimizing its organizational structure and ensuring appropriate staffing levels. The current organizational structure is shown below with seven Chief Officers who report to the Executive Director regarding Finance, Administration, Operations, Customer Service, Special Counsel, Communications and Chief of Staff.





INTRODUCTION

Sewerage & Water Board of New Orleans

One Water. One Vision. *Connected. Collaborative. Committed.*

New Orleans' bond with water is long as it is diverse. It surrounds us. It shapes our city. When we're thirsty, we tap it. When it's dirty, we clean it. When it rains, we move it.

But in the end, it's all water. One Water. For our team at the SWBNO, the difference is only that we manage it in different ways.

Our efforts to treat drinking water, clean wastewater, and move stormwater take foresight, teamwork, and sound financial planning. They also rely on learning from the lessons of the past. These attributes, applied together, give SWBNO our singular vision for growth and improvement in 2020.

Above all, we are connected to our city through our network systems and our mission, our customers, and our colleagues. Through months of recovery from the catastrophic flooding of August 2017, we have listened to the calls to do better. Those valid demands from the public are driving our path forward.

2020 will see great investments toward turning SWBNO into a modern utility. The transition to automated metering infrastructure (AMI) will enhance the accuracy and confidence in the billing process, as well as allow customers to review their usage in real-time and avoid unintended water loss. Permanent paving of service cuts will rise among our priorities in 2020. Customers will see more canal cleaning, safety improvements and a more robust customer service team — all direct results of our customers' comments and questions.

To accomplish all this will take teamwork, not just among SWBNO staff, but among all stakeholders in New Orleans' future. That collaboration has already paid dividends. The "fair share" deal spearheaded by Mayor LaToya Cantrell and her team financially stabilized this utility and gave us room to plan. We have partnered with community leaders, elected officials, nonprofits, other water utilities, not to mention independent engineers, planners, architects, professors and advocates, to improve our approach to water management.

We are committed to those collaborations and our connections to the people we serve. These are cornerstones for our vision to become a more responsive utility that provides topnotch service and reclaims its reputation as a model for the industry and a worthy recipient of the public's trust.



INTRODUCTION

Priorities

The 2020 budget will serve as our latest plan toward building a better utility. We are united under one vision that SWBNO can once again be an example of water management done right. The projects and programs we are planning for 2020 fall into three categories:

- 1 Efforts that improve the day-to-day quality of life for our customers
- 2 Proactive care to prevent new challenges before they start
- 3 Practiced foresight to plan for a bright, reliable future

IMPROVE EVERY DAY

Fundamentally, our job is to provide a better quality of life for our customers. While successful long-term planning is a key component to this, it is the day-to-day interactions and work of our team that make the most meaningful impact on the people who live and work in New Orleans.

Chief Customer Service Officer

We have engaged a national executive search firm to find the best possible candidate for this critical newly created position. This reflects our new focus to improve how we serve and engage with our customers.

Service Cut Paving

Few challenges we face generate more customer complaints than unfinished service cuts that dot city streets. We want to close the gap between a repair to a water or sewer main and the permanent restoration of the street above it. The goal is to catch up on this work so that we are repaving service cuts within 30 days of making them.

GET AHEAD OF THE GAME

It is no secret that a proactive approach to infrastructure maintenance pays great dividends by keeping systems in working order and cutting down on future costs. In that vein, we are launching several initiatives to prevent new problems before they happen.

Canal Cleaning and Inspections

We are currently implementing a recurring schedule to inspect and, if necessary, clean all of our drainage canals in the city every five years.

Valve Inspection and Maintenance

Thousands of water system valves throughout the city let us control how water flows through our mains. This ability helps us to respond to emergencies, such as water main breaks. But to be effective, these valves must work and some date to the first years of the water system's installation. This new program will help us locate our valves, record their condition, exercise (open and close) them or make any necessary repairs.

INTRODUCTION

Wet Well Cleaning

We use wet wells to hold sewage that is then pumped to our treatment plants through a series of lift stations. These wet wells must be occasionally cleaned of silt, sludge and foreign debris that can infiltrate our sanitary sewer system. The intent of this program is to clean our wet wells every six months to prevent any damage this debris can inflict on our pumps and equipment.

Backflow Preventer Initiative

We will begin a major initiative to add another layer of safety to our drinking water system. The aim of this program is to bring all customers into health code compliance by installing backflow preventers where necessary. These devices prevent water, such as what is used in pools or irrigation systems, from flowing back into water pipes and therefore the city's drinking supply.

KEEP OUR SIGHTS ON THE FUTURE

As we work to improve our daily and mid-range delivery of services, we cannot neglect our collective vision for what SWBNO should be as a public utility decades from now. The following initiatives will help us plan how to be a successful, sustainable public service well into the future.

Master Plan

Our newly hired Director of Strategic Planning has kickstarted the process that will eventually produce a feasible long-term guide to modernize SWBNO. This will be a living document that will map the path forward, including the elimination of steam power, upgrades to our water and drainage infrastructure, and any reorganizing necessary to make this utility more efficient, reliable and customer friendly.

Rate Study

We have entered negotiations to produce a comprehensive financial outlook and plan to improve the sustainability of this critical utility. This study will examine the efficacy of our rates for water and sewer service, as well as any innovative funding options for stormwater management.

Automated Metering Infrastructure

We have requested proposals for the management of this massive citywide project to convert all our water meters to remote sensors to measure consumption at every customer property. This will greatly enhance the accuracy of our billing data, reduce the chance for error and inject reliability into one of our core missions: customer service. This is the first step in what will be a multi-year, multi-million upgrade to our infrastructure.





FINANCIAL OVERVIEW

Sewerage & Water Board of New Orleans

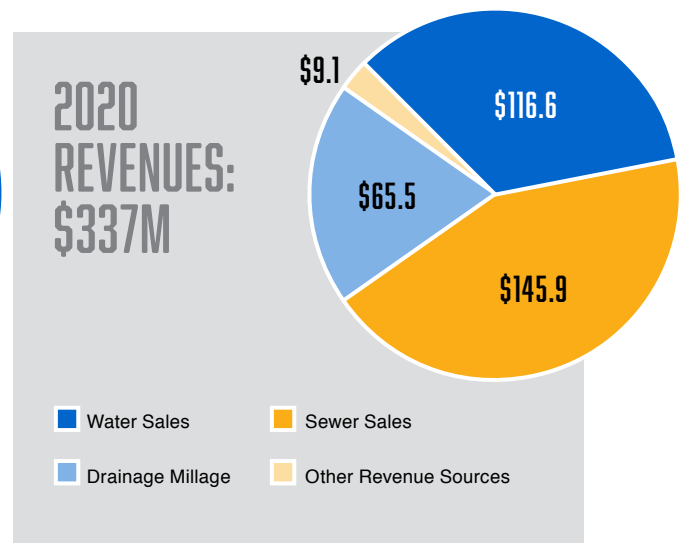
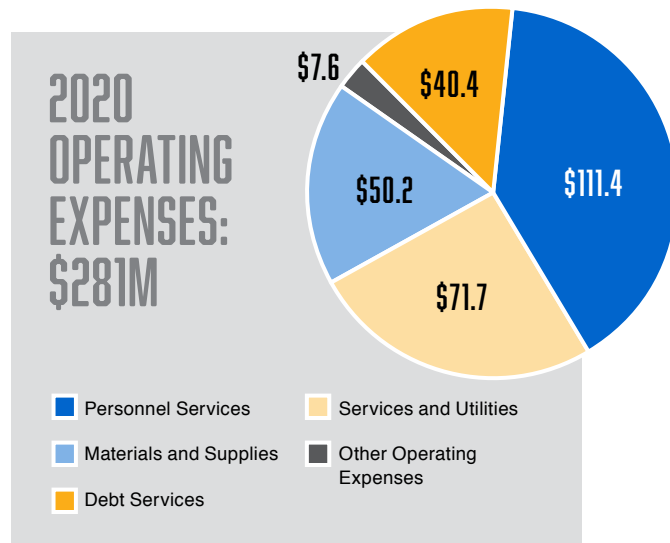
Operating Budget

Like many utilities, SWBNO is challenged to support an expansive and aging infrastructure. This infrastructure, as well as the associated regulatory requirements and staffing needs, have and continue to increase utility costs. To fund utility operations and finance capital projects, SWBNO's primary revenue sources are water and sewer rates and drainage millages. SWBNO will implement approved water and sewer rate increases in 2020 and continue to collect tax revenue for drainage costs.

SWBNO has prepared its 2020 Budget on an accrual basis in conformity with accounting principles generally accepted in the United States (GAAP). On a GAAP basis, total expenses during 2020 are projected to be about \$361 million. On a cash flow

requirement basis, which only includes operating and maintenance costs and principal and interest on debt service, SWBNO expects to spend roughly \$281 million. Excess revenues above these expenses are required for bond covenant and debt service ratios and may be used for capital reinvestment.

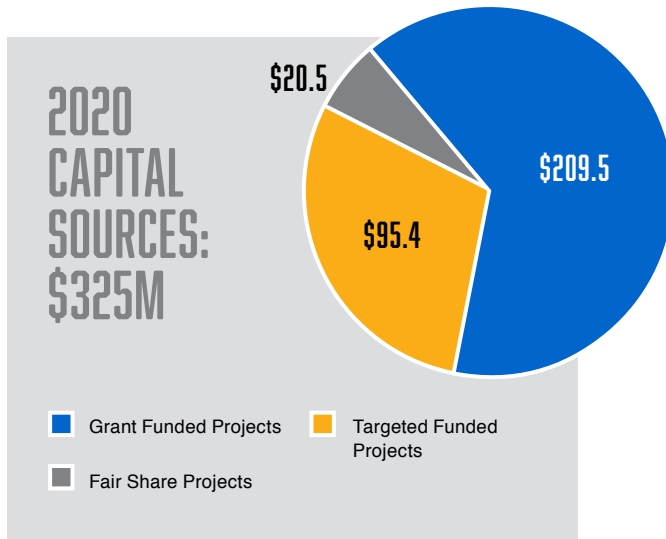
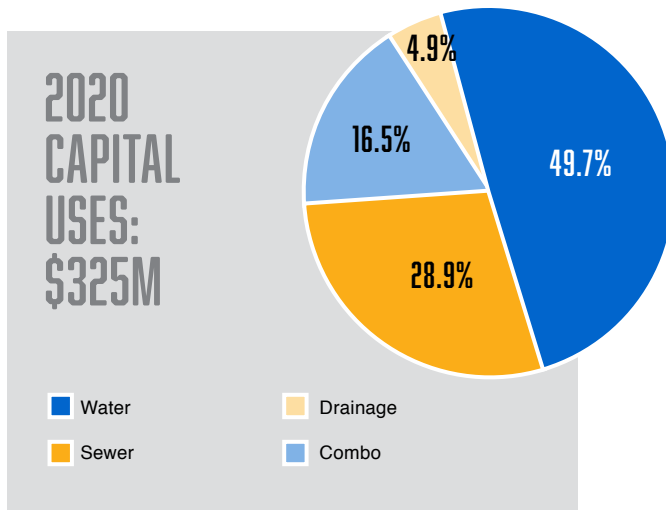
SWBNO expects to recover roughly \$337 million in revenues during 2020. Operating revenues are generated primarily from water and sewer user charges, though SWBNO collects a small amount of other operating revenues from penalties and miscellaneous fees. Non-operating revenues consist of drainage millage collections, interest, and other miscellaneous non-operating revenues and anticipates approval of a millage roll-forward in 2020.



FINANCIAL OVERVIEW

CAPITAL BUDGET

The 2020 Capital Budget includes \$325.4 million in capital expenditures based on the needs of the water, sewer, and drainage. Financing sources for the 2020 Capital Budget include: grant funded and Fair Share projects. Projects identified as “Targeted Funded Projects” are contingent upon receiving funds from identified sources.



FINANCIAL OVERVIEW

Background: About the Budget Process

SWBNO prepares annual operating budgets and capital budgets for the water, sewer and drainage systems that align the financial resources to achieve the objectives of the upcoming year's plans, clearly identifying all revenue requirements, planned sources of funds, and financial performance metrics. Any reader who wants to develop a thorough understanding of the budget should begin by reading the introduction and reviewing the financial overview.

The budget document is consistent with the long-term financial plans and likewise based on reasonable assumptions for changes in revenues and expenses. The document is published annually.

The budget process begins by assessing revenue billings, projecting millage collections and establishing estimates for funding needed to maintain the existing level of water, sewer and drainage services. As a part of this process, various assumptions are made regarding the level of personnel services required, increases in the cost of employee benefit programs, including pension, energy and chemical cost drivers and other major budget items.

After the annual audit report is filed, budget packets are compiled that include information needed to allow departments to review the results from the previous fiscal year and the status of their budget versus actual expenditures in the current fiscal year. Priorities for

the budget season are developed with the Executive Director and the budget packets are mailed to the various departments with instructions and timelines for completion. At this time, managers should have reviewed and discussed the operating budget expenditures needed for the upcoming year with their staff. The requests are completed on the forms provided in the budget package and are due to the budget department in September, so that the budget team can review, ask questions, make corrections and provide preliminary recommendations on the alignment of requests with available funding, identified priorities and overall financial accountability. Departments are encouraged to review their position allotments and consider elimination of positions that have been vacant for long periods of time. Each department is also asked to consider how their requests align with identified performance indicators, efficiency measurements and strategic goals.

All budget requests are discussed during scheduled budget hearings which are typically scheduled in October of each year. These hearings include the Executive Director, the Chief Financial Officer, Chief Administrative Officer, Budget Director and department heads with or without their immediate staff (their preference).

Based upon the results of the hearings, prioritized requests are discussed by leadership, with final decisions made by the Executive Director. The budget proposal is then submitted to the Finance Committee of the Board of Directors in November with final action requested in December. The 2020 operating and capital budgets were adopted by the SWBNO Board of Directors on December 18, 2019. (A copy of the resolutions can be found in the Appendix)

The budget process begins by assessing revenue billings, projecting millage collections and establishing estimates for funding needed to maintain the existing level of water, sewer and drainage services.

FINANCIAL OVERVIEW

2020 OPERATING BUDGET PREPARATION CALENDAR

Please review dates and actions below.

Dates	Actions
Aug. 30	CCSR preliminary budget run. (Expensed amount as of August 31, 2019)
Sep. 9	Budget packages distributed to departments
Sep. 20	Budget request forms should be completed and returned to the budget analyst.
Sep. 20	Send hardware and software forms to Information Systems Department (Melinda Nelson)
Oct. 4	CCSR to run budget with budget changes (roll over to Requested)
Oct. 7-9	FNUB11A report redistributed with budget request. Departments review for accuracy
Oct. 9	Deadline to resubmit any changes or corrections to the budget office if you are making any changes, please provide justification.
Oct. 10-11	Review Budget for accuracy
Oct. 14-25	Budget Hearings
Oct. 25-Nov. 1	Budget is prepared and reviewed by the Budget Department
Oct. 29-Nov. 1	CCSR is submitted to update corrections or changes (roll over to Recommended)
Nov. 4-6	Continue to review budget for errors
Nov. 8	Submit draft of 2020 Recommended Budget to Board members
Nov. 13-Dec. 10	Begin review for production of projected Adopted budget
Dec. 11	Submit budget packages for: December 2019 cycle of meetings as an "Action" item
Dec. 18	Board votes to adopt 2020 O&M Budget

FINANCIAL OVERVIEW

Background: The Sewerage and Water Board, A Brief History

The history of New Orleans has been shaped by water, and SWBNO has played an integral role since its founding in 1899. It merged with the Drainage Commission in 1903 and ever since has cared for the city's water, sewer and drainage systems.

Today, it produces drinking water, cleans wastewater, and moves stormwater for 391,000 residents. The work is massive and complex. On average, our customers consume 112.52 million gallons of water every day, produced at our Carrollton and Algiers water plants.

The utility is entering the final stages of a federal mandate to upgrade its sewer system. This upgrade will bring greater efficiency and safety to how it collects, treats and returns wastewater safely to the environment.

Approximately 147 million gallons of clean water a day flow through our two treatment plants. We anticipate federal funding to help finance this work through a loan program sponsored by the Environmental Protection Agency (EPA) known as the Water Infrastructure Finance Investment Appropriation (WIFIA).

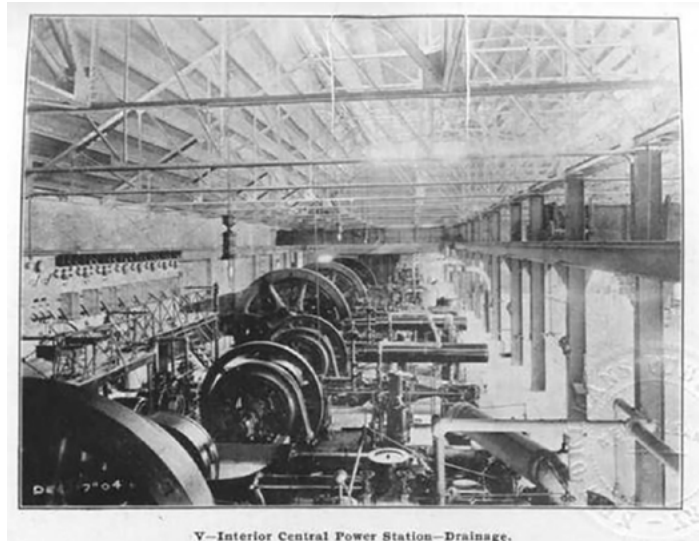
The drainage system boasts 99 major drainage pumps, 21 constant-duty pumps to manage groundwater intrusion in its canals, 24 pump stations, 275 miles of open and closed canals and another 1,500 miles of underground drainage pipes. This infrastructure does not include the hundreds of miles of small-diameter drainage pipes and thousands of catch basins maintained by the City's Department of Public Works.

The growth of stormwater management paced the growth of New Orleans. As new pump stations were built and new canals dug, so expanded the city to its present-day limits between the river and the lake.

SWBNO is unusual in that it can produce its own power. Four turbine generators and five Electro-Motive Diesel generators can manufacture 25 Hz electricity, the frequency necessary to run those water and drainage pumps built prior to the widespread use of today's modern 60 Hz electricity. And this utility has another generator that can produce 15 megawatts of today's frequency of power, too.

These systems are testaments to SWBNO's resiliency. For instance, the first drainage pump station was built in 1900, and it still functions today with much of its original equipment. So, too, does its power turbines, the first of which dates to President Theodore Roosevelt's administration.

But that longevity comes with a toll. 25Hz power is not standard. Electric power utilities in the United States provide 60Hz power. Consequently, the SWBNO facilities that use 25Hz electricity cannot be supplied by Entergy, the local power utility. And no vendors in the US market 25Hz power-generation equipment. Because



FINANCIAL OVERVIEW

25Hz generators must be custom-designed and built, failed equipment cannot be replaced in a timely manner.

Self-generation of 25Hz power is much more expensive than 60Hz power that can be supplied by Entergy. A significant portion of the SWBNO's 25Hz power generation comes from steam-driven turbines. The operation of an aged steam power plant for the typical electrical power needs of SWBNO is extremely inefficient and results in a much greater carbon footprint compared to purchased 60Hz power.

It has become increasingly difficult to find replacement parts for 25Hz, and the pool of qualified repair technicians is very small. Without parts and the qualified people to make repairs, critical 25Hz equipment cannot be kept in service. The result is a continued loss in resiliency of the 25Hz power-generation system with the passage of time.

A major rainstorm in 2017 revealed that as many as 18 stormwater and groundwater pumps had fallen into disrepair and that the utility's self-generated power supply could produce less than half the megawatts the drainage system needed to function at full capacity.

Roughly half the water distribution system is more than 80 years old and beyond its life expectancy. As a result, our teams respond to water main breaks on a regular basis.

These challenges, however, also create opportunities. Responding to the 2017 flood, we spent 2018 restoring the drainage and power systems to their best conditions in years, if not decades. In 2019, we stabilized our finances and operations; reduced our vacant positions; and began productive discussions of what true progress looks like for SWBNO.

This coming year will see this utility build on that promising foundation.



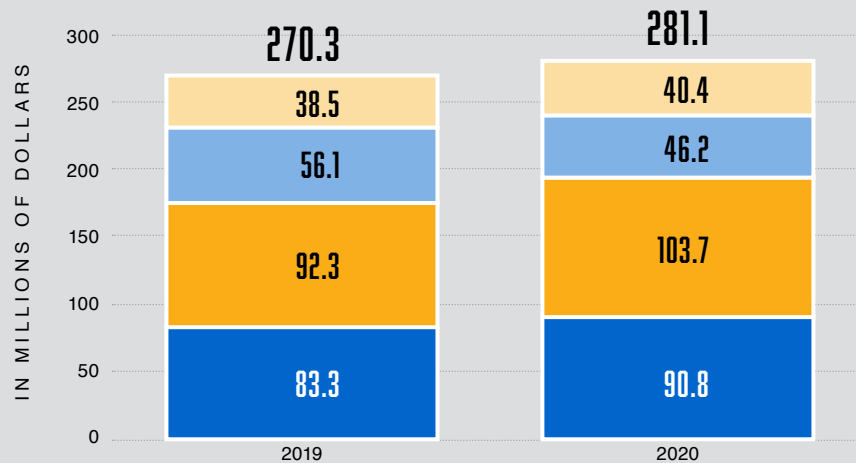
FINANCIAL OVERVIEW

Operating Budget

SWBNO projects increases to its operating expenses, primarily for sewer and drainage services, to enhance reliability and responsiveness for ratepayers. The growth rate is approximately 4% above the previous year's budget and demonstrates strong effort from SWBNO management to maintain growth while providing targeted, enhanced service improvements. The primary budget drivers include employee-related expenditures, services and utilities, materials and supplies, special current charges, and furniture and equipment. Employee-related expenses include salaries and wages, health insurance, payroll taxes, merit increases, pension contributions, and other employee-related expenses. Services and utilities expenses include high-pressure gas, low pressure gas, high voltage power, data processing, and other professional services. Materials and supplies expenses include chemicals, fuels, electrical parts, and other professional supplies. Special current charges include damage claims and workers' compensation, and furniture and equipment include expenses such as hand tools and office furniture and fixtures.

2019 VS 2020 OPERATING & MAINTENANCE EXPENDITURES

- Water System
- Sewer System
- Drainage System
- Debt Services

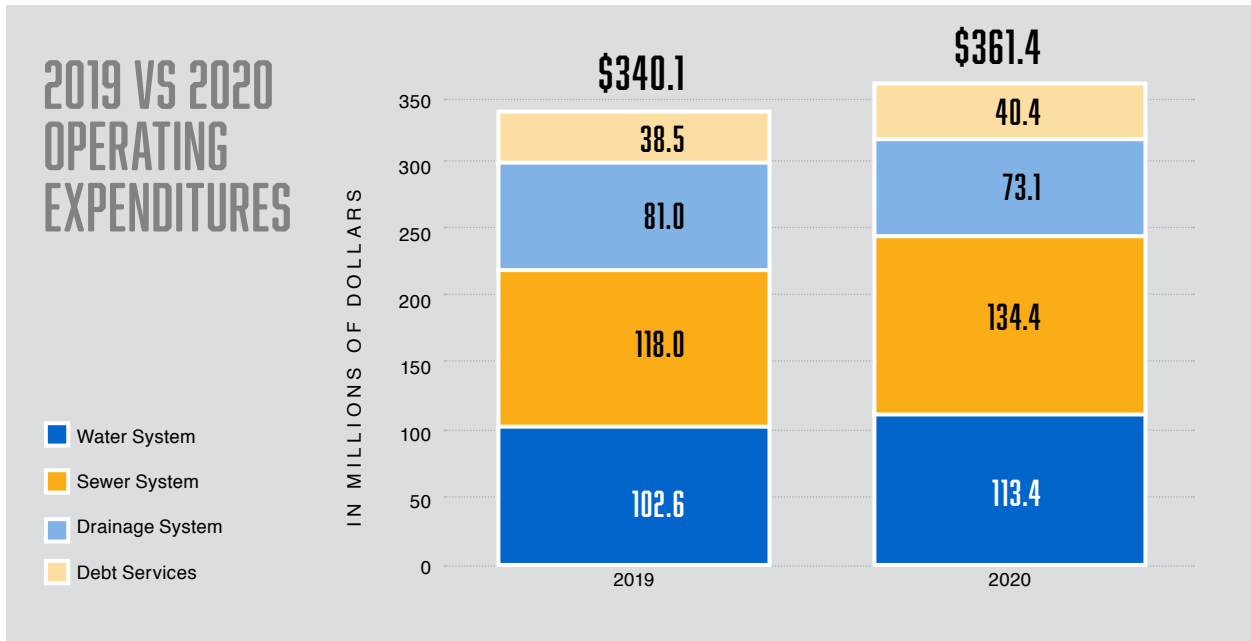


LINE NO.	DESCRIPTION	2019 BUDGET	2020 BUDGET	\$ CHANGE	%CHANGE
1	Personnel Services	\$103,256,885	\$111,433,179	\$8,176,294.00	7.92
2	Services and Utilities	65,327,722	71,671,512	6,343,790	9.71
3	Materials and Supplies	55,122,504	50,244,763	4,877,741	8.85 ▼
4	Special Current Charges	6,824,502	6,162,727	661,775	9.70 ▼
5	Furniture and Equipment	1,237,233	1,455,403	218,170	17.63
6	Total	231,768,846	240,967,584	9,198,738	3.97
7	Depreciation, Allowances Expenses*	59,867,000	69,007,000		
8	OPEB Liability*	10,000,000	11,000,000		
9	Debt Services	38,501,157	40,386,025		
10	Total	340,137,003	361,360,609	21,223,606	

*non-cash

OPERATING BUDGET

SWBNO reviews various non-cash expenses as a component of the budget process. This includes depreciation, amortization, other post-employee benefits and pension liability that are accounted for within the annual financial report and impact the calculation of net position. When considering these expenses, the 2020 operating budget rises to \$361 million.



OPERATING BUDGET

PERSONNEL

In November 2019, SWBNO had more than 1500 authorized positions. The organization analyzed these positions and the vacancy rate, determining ways to improve efficiency and effectiveness. The following table details the position recommendations for each department.

POSITIONS AUTHORIZED

Reflects New Organizational Design

	2019 Authorized	2020 Authorized	Variance
Chief Administrative Officer*	64	65	1
Chief Financial Officer**	380	378	▼2
Chief of Communications	8	4	▼4
Chief of Customer Service***	0	1	1
Executive Director	18	16	▼2
General Superintendent/Operations****	1100	1103	3
Special Counsel/Legal	16	17	1
Total Positions by Department	1586	1584	▼2



* The Chief Administrative Officer is a newly established Division that encompasses personnel/departments that are no longer managed under current Divisions as well as previously established Divisions that are now disbanded (i.e. Continuous Improvement (Continuous Improvement Division) Info Systems Administration (CFO Division), Human Resources (Administration Division), Security (Security Division).

**The Chief Financial Officer includes the Economic Disadvantage Business Program and Procurement Departments that were both previously managed under the dissolved Logistics Division

***The Chief Customer Service Division is a newly established Division that does not currently have reporting departments under its management.

****The General Superintendent/Operations Division includes Support Services (organized under the Logistics Division in 2019) and the JIRR, Environmental, and Engineering Departments (organized under the Deputy General Supt./Construction Division in 2019).

OPERATING BUDGET & DEPARTMENTAL FOCUS AREAS

COMPARISONS OF 2018, 2019, 2020 BUDGETS

LINE NO.	DESCRIPTION	2018 BUDGET	2019 BUDGET	2020 BUDGET
Operating revenue				
1	Revenues from charges	\$234,584,616	\$232,158,448	\$267,862,902
2	Other operating revenues	4,397,477	1,092,035	1,204,832
3	Adjustment for uncollectible accounts	(4,691,693)	(3,947,000)	(5,357,000)
4	Total operating revenue	234,290,400	229,305,483	263,710,734
Operating expenses				
5	Operating & maintenance expenses	217,344,481	231,768,846	240,967,584
6	Depreciation & allowance expenses (non-cash)	59,867,000	59,867,000	69,007,000
7	OPEB liability (non-cash)	10,000,000	10,000,000	11,000,000
8	Total operating expenses	287,211,481	301,635,846	320,974,584
9	Net operating income	(52,921,081)	(72,332,363)	(57,263,850)
Non-operating revenues				
10	Tax revenues	53,966,337	60,354,046	65,549,588
11	Interest income	1,384,981	—	1,499,575
12	Other non-operating revenues	3,065,709	1,781,544	3,887,601
13	FEMA expense reimbursement	3,292,601	4,523,081	2,523,142
14	Total non-operating revenues	61,709,628	66,658,671	73,459,905
Non-operating expenses				
15	Interest expense-Series 2011 bonds	65,607	61,513	57,380
16	Interest expense-Series 2014 bonds	11,033,800	10,256,000	9,475,025
17	Interest expenses-Series 2015 bonds	9,940,550	9,919,550	9,888,550
18	LADEQ loan	—	—	—
19	Go Zone interest expense	—	—	—
20	Capitalized interest	(20,974,350)	(20,237,063)	(19,420,955)
21	Total non-operating expenses	65,607	—	—
22	Net income	8,722,940	(5,673,692)	16,196,055

FINANCIAL OVERVIEW

Departmental Budgets

The 2020 operating expense budget amounts to roughly \$241 million (excluding debt service). The breakdown by department is shown in the table below.

DEPARTMENT	2019 BUDGET	2020 BUDGET	INCREASE/ (DECREASE)
Executive Director	\$2,897,374	\$3,031,647	\$134,273
Executive Director	1,683,406	1,436,735	(246,671)
Internal Audit	808,942	1,156,495	347,553
Board Relations	405,026	438,417	33,391
Special Counsel	3,186,621	4,589,452	1,402,831
Legal	2,486,621	3,589,452	1,102,831
Claims	700,000	1,000,000	300,000
Chief Administrative Officer (Newly Created)	42,416,092	48,774,875	6,358,783
CAO (Newly Created)	—	448,599	448,599
Real Estate (Newly Created)	—	196,850	196,850
Continuous Improvement (Transferred from Continuous Imp)	—	242,738	242,738
Info Systems Administration (Transferred from CFO)	10,180,897	13,116,847	2,935,950
Human Resources (Transferred from Administration)	2,671,481	4,531,306	1,859,825
HR – Payroll Related (Transferred from Administration)	14,773,000	15,205,500	432,500
Security (Transferred from Security)	14,790,714	15,033,035	242,321
General Superintendent/Operations	172,191,692	171,537,950	(653,742)
Department of Operations	15,171,100	15,961,169	790,069
Drainage Pumping	30,937,179	15,983,321	(14,953,850)
Sewer Pumping	3,679,914	4,818,291	1,138,377
Water Pumping	18,032,717	20,112,859	2,080,142
Purification	13,626,694	14,325,878	699,184
Facility Maintenance	14,125,612	17,436,435	3,310,823
Networks	49,497,441	51,490,636	1,993,195
Plumbing	1,131,975	4,331,268	3,199,293
Support Services (Transferred from Logistics)	15,383,907	14,530,085	(853,822)
JIRR (Transferred from Construction)	1,714,831	2,142,510	427,679
Environmental (Transferred from Construction)	3,851,215	3,944,310	93,095
Engineering (Transferred from Construction)	5,039,107	6,461,180	1,422,073
Chief of Customer Service	—	198,110	198,110
Chief Customer Service Officer (Newly Created)	—	198,110	198,110
Chief of Communications	1,182,235	759,143	(423,092)
Communications	1,059,060	759,143	(299,917)
Community Relations	123,175	—	123,175

ADOPTED 2020 OPERATING & CAPITAL BUDGETS

DEPARTMENTAL BUDGETS

Chief Financial Officer	23,921,516	26,464,995	2,543,479
Chief Financial Officer	2,766,019	3,643,199	877,180
Budget & Financial Planning	1,043,136	1,020,958	(22,178)
Finance Administration	3,476,551	3,768,031	291,480
Revenue & Customer Service	14,221,882	15,454,954	1,233,072
Project Development Unit	2,995,807	2,527,642	(468,165)
Procurement (Transferred from Logistics)	722,833	1,274,606	551,773
Econ Disadvantage Business Prog (Transferred from Logistics)	613,015	622,187	9,172
Office of Chief Investment	82,273	—	(82,273)
Treasury	—	153,418	153,418
Pension Adjustment	(2,000,000)	(2,000,000)	—
Logistics Administration Disbanded	361,905	—	361,905
Overhead	(14,388,588)	(14,388,588)	—
Operating & Maintenance	231,768,847	240,967,584	9,198,737

The following sections highlight the purpose of each Department, as well as their respective priorities and operational budgets for FY 2020.

EXECUTIVE DIRECTOR

Purpose: The Executive Director's Office oversees all aspects of the Sewerage and Water Board operations.

2020 Focus Areas

- Customer Engagement.** Continue to enhance all relationships with external customers, including billed customers, other municipal entities, various funding partners, civil service, and civic and community organizations.
- Employee Engagement.** Enable employees with the vision, tools, and support to provide quality service to SWBNO, which includes employee leadership through various task forces and training opportunities, focus on a customer service culture, providing new technology, and improving communication throughout the organization.
- Strategic Planning.** Review SWBNO's policies, procedures, infrastructure, and industry best practices to develop a long-range roadmap for the future of the utility.

Operational Budget

Expenditure Category	2019 Budget Modified	2020 Budget Adopted	Change (\$)	Change (%)
Personnel Services	\$1,322,124	\$1,740,897	\$418,733	31.67%
Services and Utilities	\$1,429,900	\$1,140,400	\$(289,500)	-20.25%
Materials and Supplies	\$85,150	\$87,150	\$2,000	2.35%
Special Current Charges	\$30,000	\$30,000	—	0.00%
Furniture and Equipment	\$30,200	\$33,200	\$3,000	9.93%
Total	\$2,897,374	\$3,031,647	\$134,273	4.63%

DEPARTMENTAL BUDGETS

CHIEF FINANCIAL OFFICER

Purpose: The Chief Financial Officer oversees SWBNO’s customer service, strategic sourcing, planning and budgeting, accounting, treasury management, pension program, and the organization’s project delivery program

2020 Focus Areas

- **Financial Sustainability.** Strengthen the financial position of SWBNO through improved financial reporting and transparency, robust account collection activities, and adherence to bond covenants
- **Revenue Enhancements.** Identify capital revenue sources and initiate long-range financial planning efforts and a rate study to support the long-term needs of SWBNO.
- **Customer Service.** Continue to upgrade the billing system to enhance billing reliability and move forward with implementation of a new, multi-year automated meter reading system
- **Technology.** Develop a roadmap of technology systems to enhance operational efficiencies, and select a new financial and procurement system to replace legacy technology
- **Compliance.** Strengthen procurement policies and grant compliance to improve recovery of expenditures from federally funded projects

Operational Budget

Expenditure Category	2019 Budget Modified	2020 Budget Adopted	Change (\$)	Change (%)
Personnel Services	\$20,016,489	\$19,947,040	\$(69,449)	-.35%
Services and Utilities	\$3,003,332	\$5,467,996	\$2,464,664	82.06%
Materials and Supplies	\$322,950	\$376,227	\$53,277	16.50%
Special Current Charges	\$469,312	\$444,312	\$(25,000)	-5.33%
Furniture and Equipment	\$109,433	\$229,420	\$119,987	109.64%
Total	\$23,921,516	\$26,464,995	\$2,543,479	10.63%



DEPARTMENTAL BUDGETS

CHIEF ADMINISTRATIVE OFFICER *newly created*

Purpose: The CAO organization contains several cross organizational service-related functions such as HR, Safety, Security, Emergency Management, Risk Management, IT, Real Estate Administration, and Continuous Improvement.

2020 Focus Areas

- **Growing the Organizational Culture.** Continue progress and lead initiatives to improve the overall organizational culture through three lines of effort: leadership culture, safety culture, and customer culture.
- **Internal Customer Focus.** Improve internal customer focus for all CAO services. Measure and increase internal customer satisfaction. Where possible, push HR service points closer to the field employees.
- **Recruitment/Hiring.** Reduce and hold vacancies to less than 180. Progress towards goal of 10% or less vacancy rate. Reduce hiring process times to consistently come well within Civil Service targets.
- **Policies.** Continue effort to review, streamline, and update SWBNO policies. By year end at least 50% of SWBNO policies published or updated within the past two years.
- **Training.** Grow training division size and capability by 30%. Expand H2O Academy concept, leader development program, and complete transition/overhaul/update of at least one major General Superintendent of Operations (GSO) training program.
- **Safety.** Strengthen Safety Liaison program, accident/incident investigation process, and create a viable data driven safety report and dashboard.
- **Security.** Leverage/expand video technology, formalize investigative process/procedures, and implement recommendations for physical security.
- **Risk Management.** Employ Department of Motor Vehicles (DMV) driver risk reduction program, continue property appraisal/insurance project, expand risk reduction plan for accidents resulting in injury.
- **Emergency Management.** Expand testing of emergency plans through increased exercises and drills.
- **Information Technology.** Transition the IT division from the CFO organization to the CAO organization.
- **Real Estate Administration.** Remain ready to hire a Real Estate Administrator and establish real estate admin division when budget/resources will allow hiring of support staff.
- **Continuous Improvement Division.** Remain ready to hire a Continuous Improvement Administrator and create division when budget/resources will allow hiring of support staff.

Operational Budget

Expenditure Category	2019 Budget Modified*	2020 Budget Adopted	Change (\$)	Change (%)
Personnel Services	\$17,379,797	\$19,889,025	\$2,509,228	14.44%
Services and Utilities	\$21,049,020	\$25,732,800	\$4,683,780.00	22.25%
Materials and Supplies	\$517,500	\$650,550	\$133,050	25.71%
Special Current Charges	\$3,384,275	\$2,322,500	\$(1,061,775)	-31.37%
Furniture and Equipment	\$85,500,000	\$180,000	\$(94,500)	-110.53%
Total	\$42,416,092	\$48,774,481	\$6,358,783	14.99%

*Includes the budgeted amounts for information systems, security, and human resource departments previously under different divisions.

DEPARTMENTAL BUDGETS

CHIEF OF COMMUNICATIONS

Purpose: The Communication Team’s objective is to obtain and disseminate information to customers, public officials and internal staff that is pertinent to the utility’s daily aim to keep New Orleans safe and healthy. It plays an integral role in public education, swift notification during emergencies and the collection of feedback to inform internal decision-makers. Its duties include media relations, intergovernmental relations, public outreach and coordination of all marketing and education strategies.

2020 Focus Areas

- **Internal Communications.** An informed, united workforce will pay great dividends as we work to improve SWBNO. This team will be dedicated to disseminating information among SWBNO’s various departments, collecting information for public outreach purposes, and facilitating opportunities for employees to share the wealth of their experiences with each other. They will also help develop and execute internal communications procedures to address the various emergency and non-emergency scenarios faced by our workforce.
- **Public Image Transformation.** This department will focus on improving SWBNO’s public reputation in a deliberate and successful fashion that begins with data gathering. This will inform future public relations strategies and create effective messaging to help restore the public’s trust in this utility’s capabilities.
- **Public Outreach.** Several key initiatives for SWBNO in 2020 will require extensive public outreach components to educate our customers. The Communications Team will establish and/or manage strategies, schedules and materials as necessary to successfully convey the appropriate information.
- **Team Building.** As the needs of SWBNO grow and evolve, the Communications Team will continue to build along with it to meet them.

Operational Budget

Expenditure Category	2019 Budget Modified	2020 Budget Adopted	Change (\$)	Change (%)
Personnel Services	\$527,676	\$270,300	\$(257,376)	-48.78%
Services and Utilities	\$624,759	\$477,843	\$(146,916)	-23.52%
Materials and Supplies	\$24,600	\$6,000	\$(18,600)	-75.61%
Special Current Charges	\$0	\$0	\$0	0.00%
Furniture and Equipment	\$5,200	\$5,000	\$(200)	-3.85%
Total	\$1,182,235	\$759,143	\$(423,092)	-35.79%

DEPARTMENTAL BUDGETS

GENERAL SUPERINTENDENT – OPERATIONS

Purpose: The General Superintendent's Office oversees all aspects of field operations, including water treatment and distribution, sewer treatment and collection, and drainage.



2020 Focus Areas

○ **Upgrade Sewer**

Infrastructure. Improve the sewer pumping stations and treatment plants to provide collection and treatment services

that meet our customers' needs, while also meeting state and federal environmental regulations and the SWBNO Consent Decree.

○ **Upgrade Carrollton Power System.** Continue to improve the Carrollton Water Plant Power System and maintain stable operations by supplying reliable power to Board assets.

○ **Upgrade Carrollton Purification System.** Continue to improve the Carrollton Water Plant Water Purification System to provide a reliable source of drinking water to our customers while meeting the requirements of the Safe Drinking Water Act.

○ **Improve Drainage Pumping.** Continue to improve the drainage pumping system to manage storm water throughout the city.

Operational Budget

Expenditure Category	2019 Budget Modified	2020 Budget Adopted	Change (\$)	Change (%)
Personnel Services	\$70,771,175	\$76,217,346	\$5,446,171	7.70%
Services and Utilities	\$42,707,523	\$41,677,578	\$(1,029,945)	-2.41%
Materials and Supplies	\$55,150,219	\$50,113,101	\$(5,037,118)	-9.13%
Special Current Charges	\$2,500,000	\$2,500,000	\$0	0%
Furniture and Equipment	\$1,062,775	\$1,029,925	\$(32,850)	-3.09%
Total	\$172,191,692	\$171,537,950	\$(653,742)	-0.38%

DEPARTMENTAL BUDGETS

CHIEF OF CUSTOMER SERVICE*

Purpose: The Chief of Customer Service will handle all customer billing, advocacy and customer contact, including meter reading and enhance a culture of customer service.

2020 Focus Areas

- Fill needed vacancies within the department.
- Transition team to new unit.
- Participate in AMI implementation process.

Operational Budget

Expenditure Category	2019 Budget Modified	2020 Budget Adopted	Change (\$)	Change (%)
Personnel Services	\$0	\$168,110	\$168,110	0%
Services and Utilities	\$0	\$30,000	\$30,000	0%
Materials and Supplies	\$0	\$0	\$0	0%
Special Current Charges	\$0	\$0	\$0	0%
Furniture and Equipment	\$0	\$0	\$0	0%
Total	\$0	\$198,110	\$198,110	100%

SPECIAL COUNSEL

Purpose: The Legal Department oversees all legal matters, internal and external, including advising the Board and various departments.

2020 Focus Areas

- Litigation and Regulatory Response.** Continue to manage all litigation, and respond to all local, state and federal regulatory agencies.
- Contracts and Legal Documents.** Continue to review and/or draft all contracts and legal documents for the Board

Operational Budget

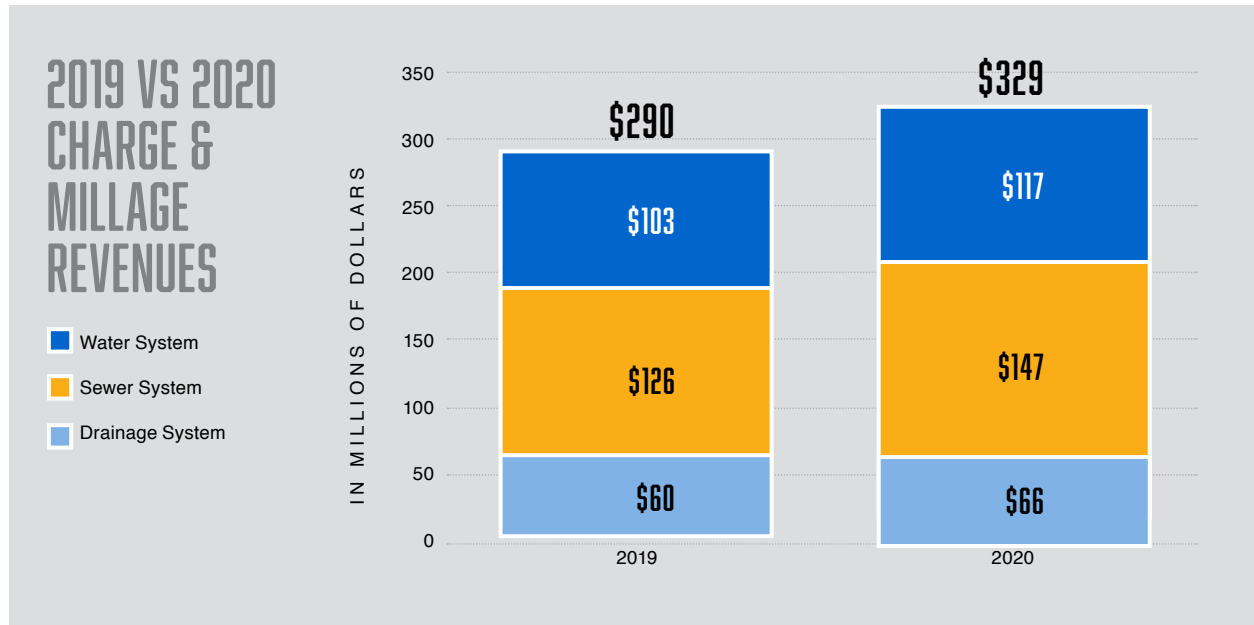
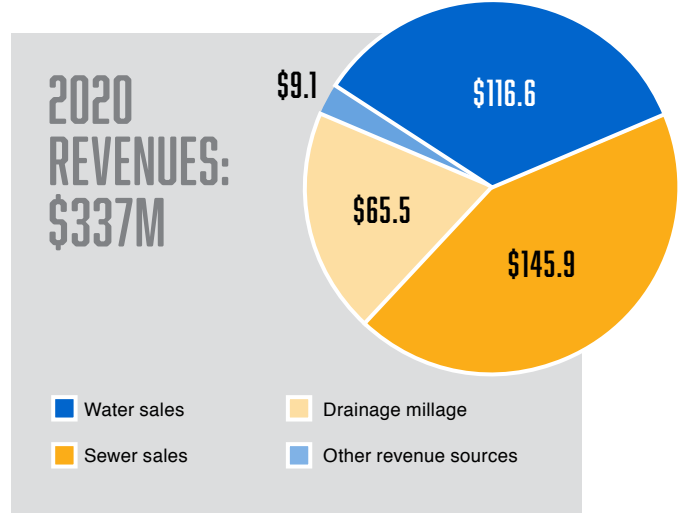
Expenditure Category	2019 Budget Modified	2020 Budget Adopted	Change (\$)	Change (%)
Personnel Services	\$1,385,621	\$1,623,452	\$237,831	17.16%
Services and Utilities	\$1,295,000	\$2,030,000	\$735,000	56.76%
Materials and Supplies	\$16,000	\$11,000	\$(5,000)	-31.25%
Special Current Charges	\$475,000	\$900,000	\$425,000	89.47%
Furniture and Equipment	\$15,000	\$25,000	\$10,000	66.67%
Total	\$3,186,621	\$4,589,452	\$1,402,831	44.02%

*Newly created Department; did not exist in 2019

FINANCIAL OVERVIEW

Rates and Revenues

SWBNO has budgeted to collect roughly \$337 million in revenues during 2020. As shown below, the majority of revenues for SWBNO are derived from water and sewer customer bills (78% projected in 2020) with an additional 19% projected to come from non-revenue drainage millages. By Louisiana law, water, sewer and drainage revenues are separate and cannot be used to support any other activities. For this reason, each source is tracked separately, and the expenses for each system are carefully recorded so that the correct revenue is used only for the correct expense.



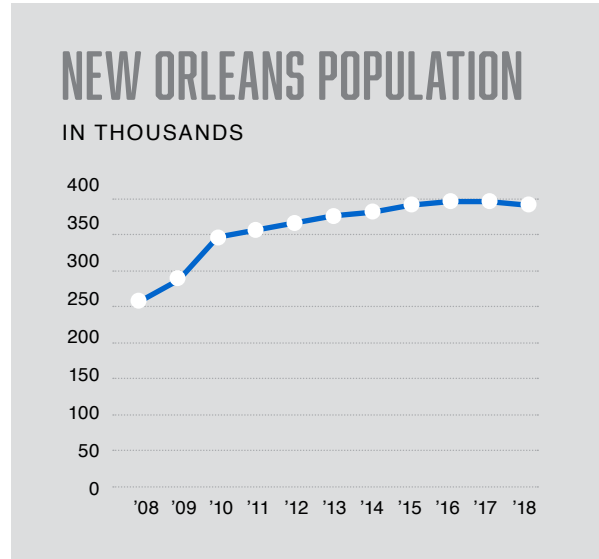
RATES AND REVENUE

REGIONAL DEMOGRAPHICS

Anticipated water and sewer rate projections are based upon anticipated usage. This requires an analysis of the number of customers, their typical water use, and a variety of trends such as population changes, unemployment, average income, etc.

The consolidated city-parish of New Orleans is located in the Mississippi River delta and is the most populous city in Louisiana, with just under 400,000 residents in the City and almost 1.3 million in the greater metropolitan area.

New Orleans is world-renowned as a traveler destination, and the city is described by many as being the most unique in the United States – a distinction that has surely contributed to the City’s \$5.5 billion tourism and convention industry. Drawing on its extensive cross-cultural and multilingual heritage, New Orleans is a showcase for the region’s distinctive music, creole cuisine, and annual festivals and celebrations. The City also boasts several professional sports teams, has three

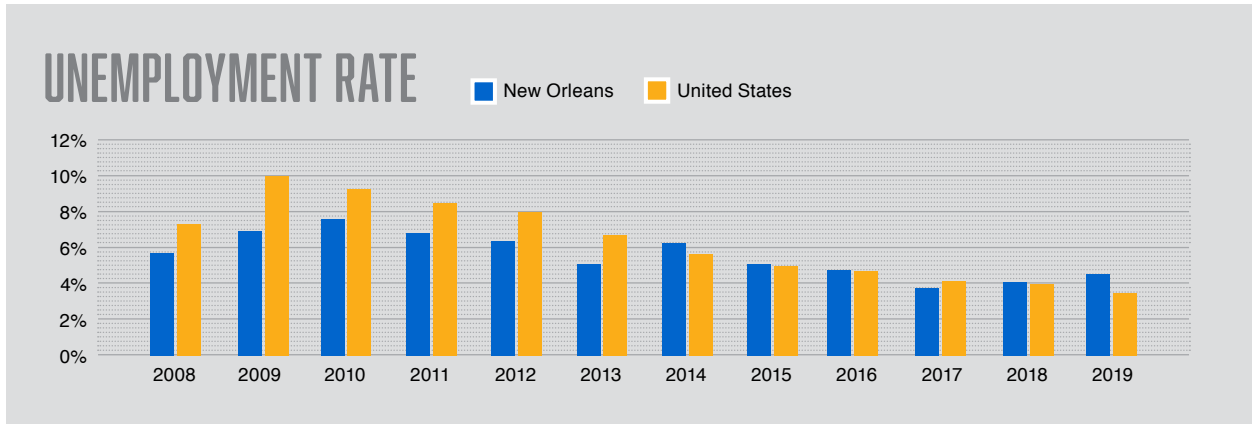


nationally protected areas, and hosts the annual World Cultural Economic Forum, which promotes cultural and economic development opportunities around the world.

Following Hurricane Katrina in 2005, the City’s population increased substantially as displaced residents began to move back to New Orleans. Since 2010, the growth rate has slowed significantly.



RATES AND REVENUE



The City’s 2019 unemployment rate was low at 4.4% but compares unfavorably to the national unemployment rate of 3.5%. The largest employment sectors are trade, transportation, and utilities; education and health services; and leisure and hospitality. Some of the City’s largest employers are listed below along with the number of employees they have.



Ochsner Health System
16,000



Ochsner Medical Center
7,832



The University of New Orleans
3,425



Harrah's Casino
2,200

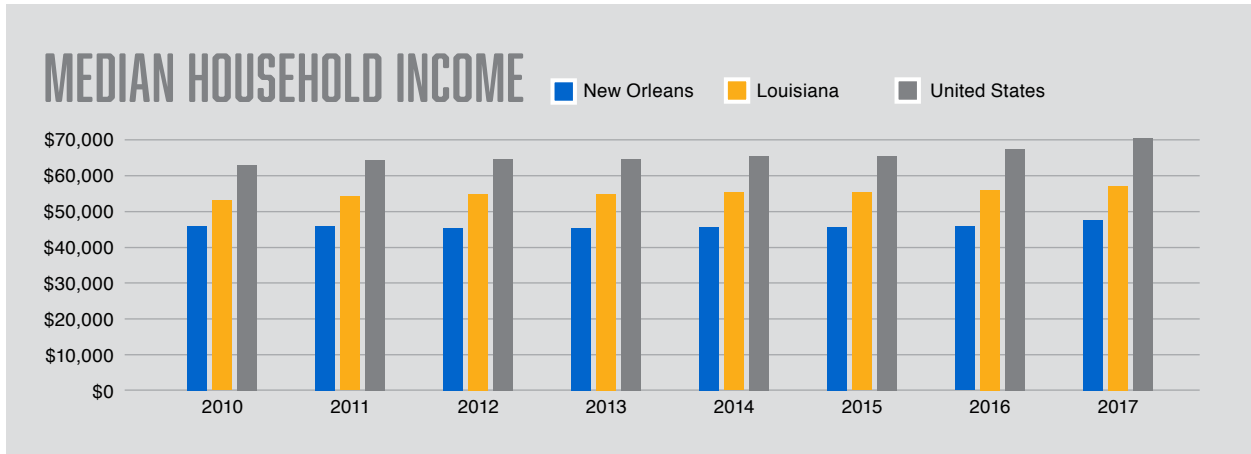


Children's Hospital
2,139



Tulane University
2,000

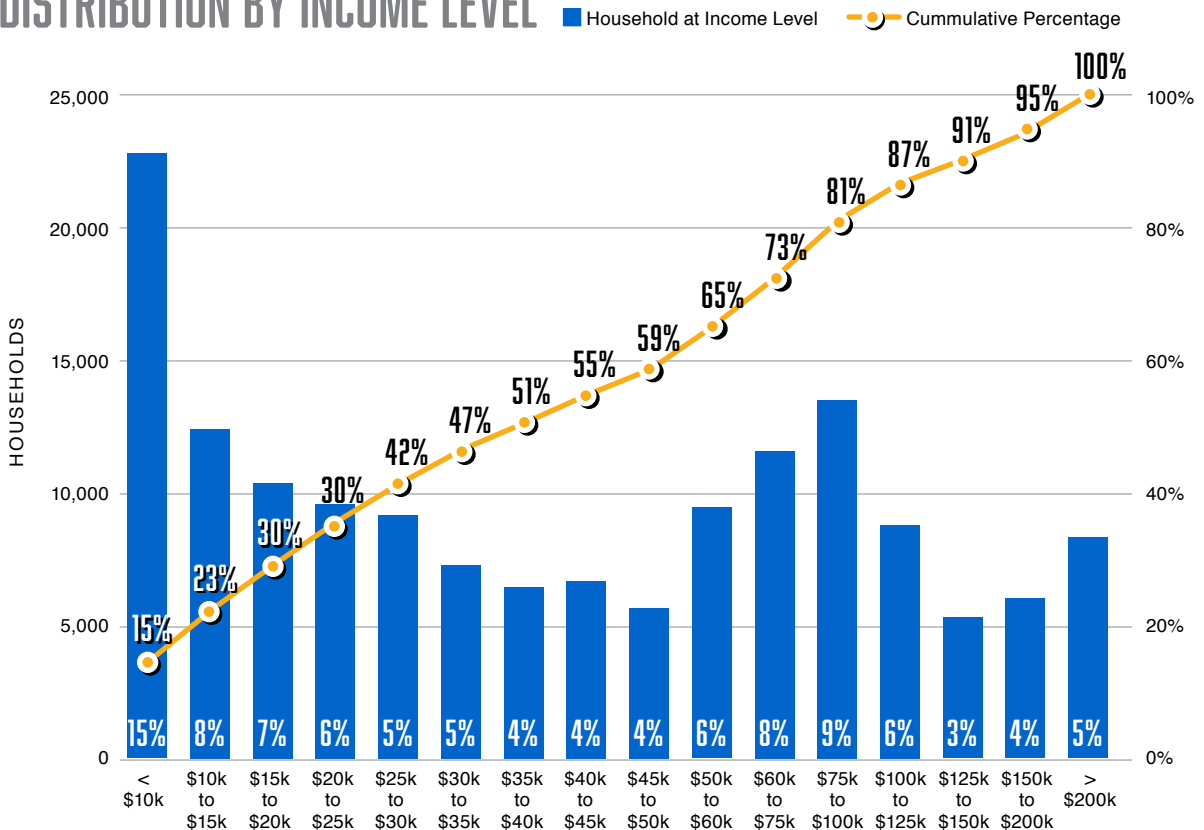
RATES AND REVENUE



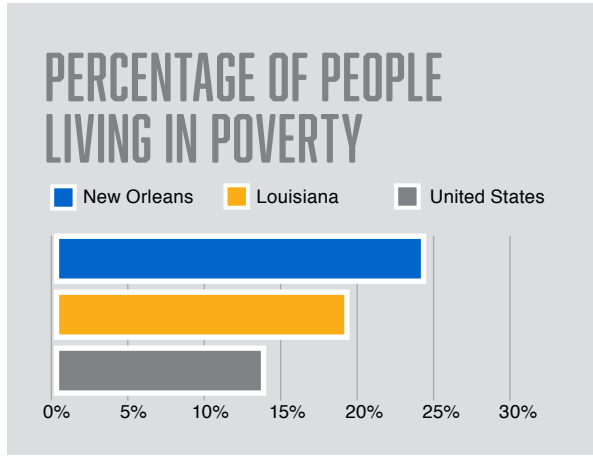
There is significant disparity within the City. The US Census Bureau estimates the 2017 median household income (MHI) at \$38,721, which is considerably lower than the MHI for both Louisiana (\$46,710) and the United States (\$57,652).

When household income data is divided into income levels, it highlights the disparity of income among City residents. As shown, an estimated 30% of people in New Orleans earn less than \$20,000 per year.

DISTRIBUTION BY INCOME LEVEL



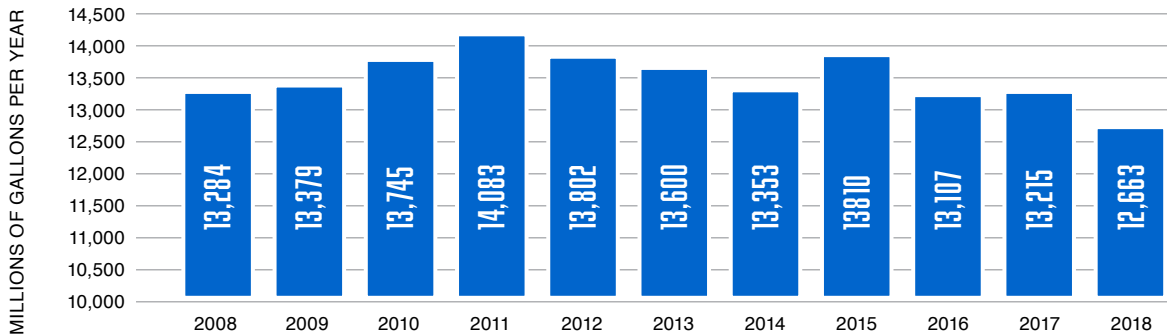
RATES AND REVENUE



One of the most telling comparisons is the poverty rate. In 2018, the US Census Bureau estimated that a quarter of people in the City live on annual income that falls below the Federal Poverty Level.

Affordability concerns in the utility industry are increasing as rising water and sewer costs continuously outpace growth in wages and inflation. SWBNO recognizes that providing affordable water and service is critical for ratepayers based on the unique set of challenges facing the City of New Orleans.

CUSTOMER DEMAND



As noted earlier in this section, the City’s population increased by more than 100,000 people between 2008 and 2012 due to residents moving back during the recovery from Hurricane Katrina, and the population has continued to inch upward since then. Due to increasingly efficient plumbing fixtures installed during the rehabilitation of existing homes, a general

increase in conservation awareness, and other water-saving efforts, customer demand has remained fairly stable over the last decade, even during the years with the greatest population growth.

Since the volume of water sold has not increased, SWBNO needs to explore and identify all potential revenue sources to meet existing costs.

RATES AND REVENUE

RATES, FEES AND CHARGES

Revenue to fund water and sewer utility operations is generated primarily through customer user charges. User charges are the monthly service charge and volumetric rates applied to monthly consumption. Monthly service charges, or meter charges, scale up according to the size of the customer's meter to reflect the readiness-to-serve, or potential demand on the utility system. Water volumetric rates are applied to the customer's monthly water consumption to determine the total volumetric charges, and the rate per 1,000 gallons varies based on the amount of water used. Sewer volumetric charges for residential customers are based on 85% of the volume of water used during the month. Commercial customers pay sewer volumetric rates on 100% of the monthly water consumption.

This year will also see the first steps toward installing automated metering infrastructure, a massive, multi-year undertaking that when complete will eliminate many of the potential points for mistakes in the meter-reading and billing processes.

Sewerage & Water Board CEO Ghassan Korban

The 2020 rate structure and rates are shown here and reflect a 10% increase from 2019 rates (2019 rates are included for comparison). The rate adjustment is the 8th of an 8-year utility rate increases approved in 2012 and first implemented in 2013.

Water Rates

Meter Size	2019	2020
Service Charge (per Month)		
5/8" Meter*	\$7.90	\$8.69
Quantity Charge (per 1,000gal)		
First 3,000 gal	\$5.27	\$5.80
Next 17,000 gal	8.97	9.87
Next 980,000 gal	7.05	7.76
Over 1,000,000 gal	5.91	6.50

Sewer Rates

Meter Size	2019	2020
Service Charge (per Month)		
5/8" Meter (1)	\$ 22.61	\$ 24.87
Quantity Charge (per 1,000gal)		
All Consumption (2)	7.87	8.66

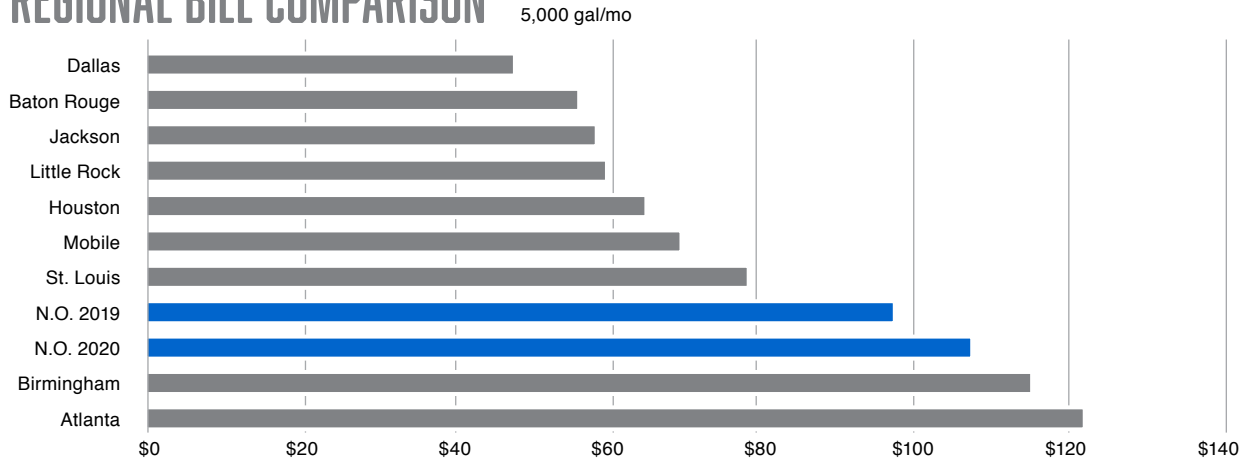
* Meter sizes vary by customer. 5/8" meter size is the most common size for residential customers. **For residential customers: consumption is based on 85% of metered water consumption to allow 15% water use for outdoor purposes.

RATES AND REVENUE

RATE COMPARISON

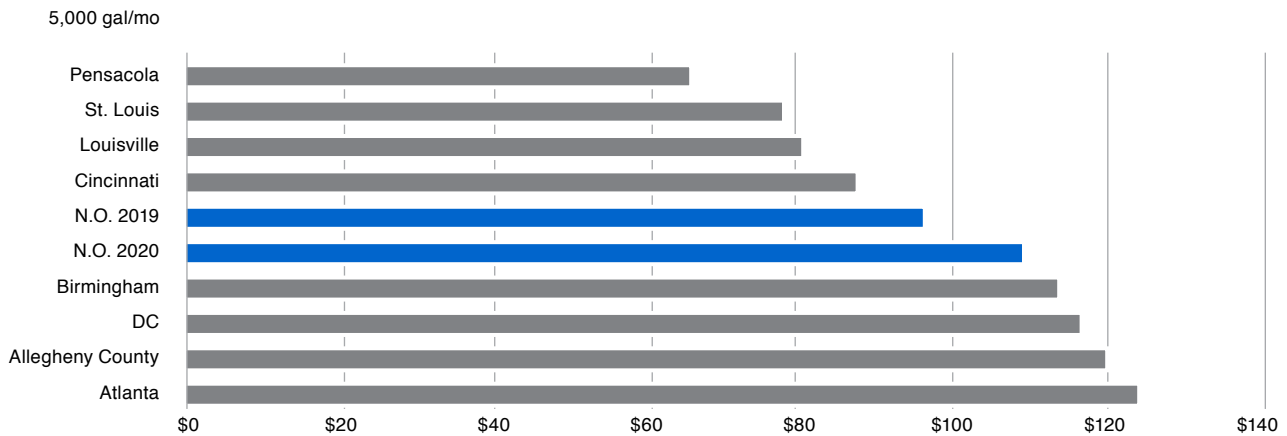
The monthly bill analysis shows the 2019 and 2020 typical residential customer water and sewer monthly bill for SWBNO compared to other regional utilities. SWBNO's rates must address geographic and regulatory challenges that not all other regional utilities face.

REGIONAL BILL COMPARISON



A different monthly bill analysis is presented that compares SWBNO with utilities that are under federal consent decrees. The most significant challenge for SWBNO is that SWBNO is under a consent decree with the Environmental Protection Agency, which requires heavy investment in infrastructure under constrained timelines. In this analysis the SWBNO customer bills are more representative of the median bill.

BILL COMPARISON WITH UTILITIES UNDER FEDERAL CONSENT DECREES



RATES AND REVENUE

WATER AND SEWER RATE UPDATE

Earlier this year (2020), SWBNO implemented the final rate increase of an eight-year utility rate program that was approved in 2012 and implemented in 2013. The 2020 rate structure and rates reflect a 10% increase from 2019 rates. A new rate study will be completed in 2020.

Factors Impacting Revenue:

There are several factors that impact the revenue a utility is able to generate, including:

- Elasticity
- Downward trend of recent demand
- Conservation
- Billing data concerns and uncollectible
- Affordability

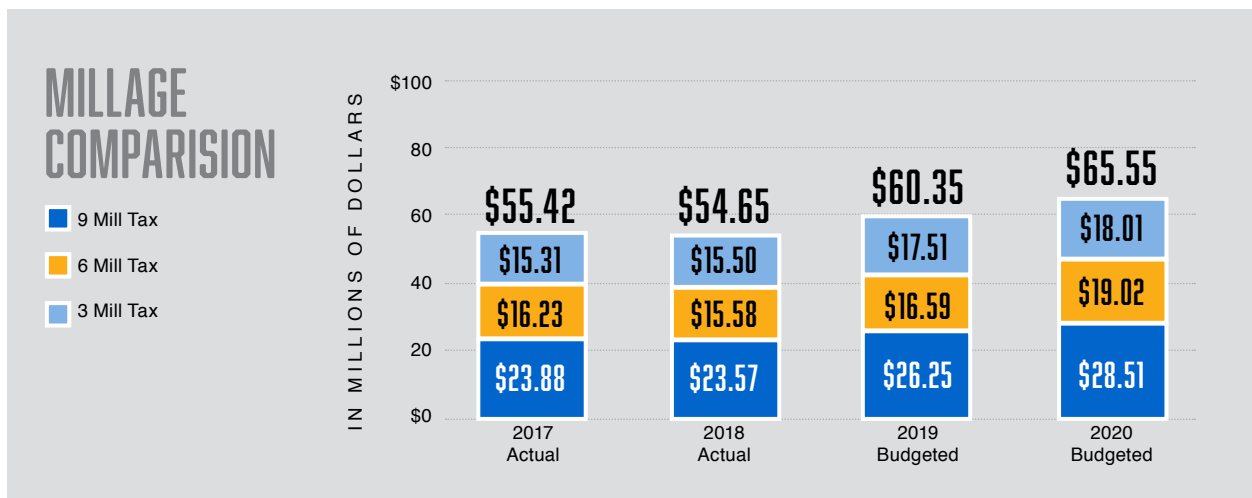
These factors have influenced the anticipated level of water consumption and sewer demand SWBNO is incorporating into the FY 2020 revenue projections.

Drainage Revenue

The drainage utility service is funded through ad valorem property taxes:

- Three Mill
- Six Mill
- Nine Mill

These millages provide the most stable type of revenue. However, this also means that the utility cannot increase revenues through rate adjustments, and thus is limited by the revenue these millages generate. The anticipated revenue for the drainage utility is \$65 million.



RATES AND REVENUE

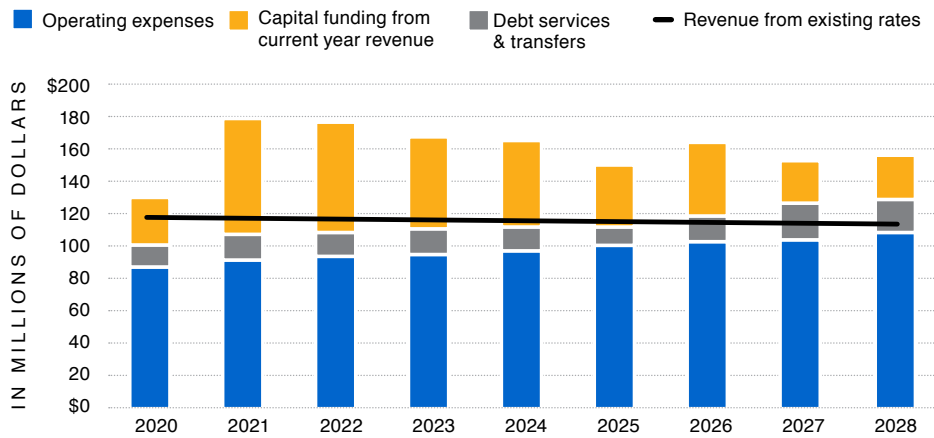
SYSTEM REVENUE SUFFICIENCY

As shown in the graphic below, growing operating costs and continued reinvestment in SWBNO's capital infrastructure will continue to push total utility costs higher through 2028. Without additional revenues, the existing rates will not be sufficient to fully recover system costs in future years and additional rate increases will be required. SWBNO will perform a comprehensive rate study beginning in 2020 to ensure that rates for 2021 and thereafter are sufficient to fully recover system costs and do so in an equitable and affordable manner.

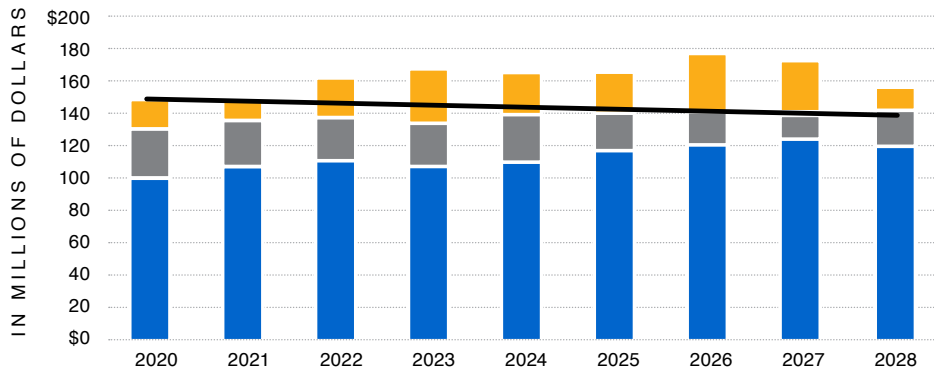
The magnitude of the future rate increases is unknown at this time, but SWBNO will explore all revenue options to keep rates as affordable as possible while maintaining clean, safe, and reliable water, sewer, and drainage services.

PROJECTED REVENUE SUFFICIENCY

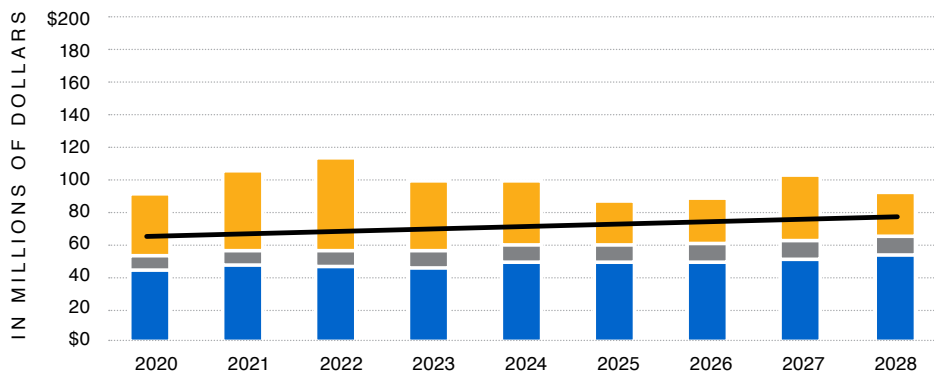
WATER



SEWER



DRAINAGE



FINANCIAL OVERVIEW

Debt Management

The U.S. Environmental Protection Agency (EPA) invited the SWBNO to apply for a loan from the Water Infrastructure Finance and Innovation Act (WIFIA) program, a federally subsidized loan program administered by the EPA to provide long-term, low interest loans for water & wastewater infrastructure projects. SWBNO will apply to WIFIA to finance 49% of consent decree project costs through March 2025 totaling approximately \$206M. The remaining 51% will be funded with approximately \$30M of sewer system revenue bonds, a \$10 million Clean Water State Revolving Fund loan from the Louisiana Department of Environmental Quality, \$48M of federal FEMA reimbursements, and \$19M of SWB funds set aside for capital expenditures. Outstanding principal debt for the three systems are as follows:

- Sewer outstanding principal debt is \$258,100,640
- Water outstanding principal debt is \$193,725,000
- Drainage outstanding principal debt is \$5,850,000

EXISTING DEBT SERVICE

Series 2011			Series 2014			Series 2015		
Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service
439,000	57,380	496,380	11,660,000	4,574,075	16,234,075	-	5,000,000	5,000,000
443,000	53,210	496,210	9,050,000	4,056,325	13,106,325	2,000,000	4,950,000	6,950,000
447,000	49,001	496,001	7,445,000	3,643,950	11,088,950	2,000,000	4,850,000	6,850,000
451,000	44,755	495,755	3,920,000	3,359,825	7,279,825	2,000,000	4,750,000	6,750,000
456,000	40,470	496,470	3,760,000	3,167,825	6,927,825	2,000,000	4,650,000	6,650,000
460,000	36,138	496,138	1,970,000	3,024,575	4,994,575	2,125,000	4,546,875	6,671,875
464,000	31,768	495,768	2,070,000	2,923,575	4,993,575	2,235,000	4,437,875	6,672,875
469,000	27,360	496,360	2,175,000	2,817,450	4,992,450	2,350,000	4,323,250	6,673,250
473,000	22,905	495,905	2,280,000	2,706,075	4,986,075	2,480,000	4,202,500	6,682,500
478,000	18,411	496,411	2,395,000	2,589,200	4,984,200	2,610,000	4,075,250	6,685,250
482,000	13,870	495,870	2,515,000	2,475,881	4,990,881	2,735,000	3,941,625	6,676,625
487,000	9,291	496,291	2,620,000	2,366,763	4,986,763	2,880,000	3,801,250	6,681,250
491,000	4,665	495,665	2,735,000	2,252,969	4,987,969	3,025,000	3,653,625	6,678,625
-	-	-	2,850,000	2,134,288	4,984,288	3,695,000	3,485,625	7,180,625
-	-	-	2,970,000	2,010,613	4,980,613	3,885,000	3,296,125	7,181,125
-	-	-	3,095,000	1,870,125	4,965,125	4,100,000	3,096,500	7,196,500
-	-	-	3,250,000	1,711,500	4,961,500	4,315,000	2,886,125	7,201,125
-	-	-	3,415,000	1,544,875	4,959,875	4,540,000	2,664,750	7,204,750
-	-	-	3,585,000	1,369,875	4,954,875	4,775,000	2,431,875	7,206,875
-	-	-	3,765,000	1,186,125	4,951,125	5,025,000	2,186,875	7,211,875
-	-	-	3,950,000	993,250	4,943,250	5,290,000	1,929,000	7,219,000
-	-	-	4,150,000	790,750	4,940,750	5,565,000	1,657,625	7,222,625
-	-	-	4,360,000	578,000	4,938,000	5,855,000	1,372,125	7,227,125
-	-	-	4,575,000	354,625	4,929,625	6,165,000	1,071,625	7,236,625
-	-	-	4,805,000	120,125	4,925,125	6,485,000	755,375	7,240,375
-	-	-	-	-	-	11,865,000	296,625	12,161,625
6,040,000	409,222	6,449,222	99,365,000	54,622,638	153,987,638	100,000,000	84,312,500	184,312,500

DEBT MANAGEMENT

EXISTING DEBT SERVICE

Series 2019*			Total Senior			Total Senior
Principal	Interest	Debt Service	Principal	Interest	Debt Service	Debt Service
\$456,367	\$95,000	\$551,367	\$12,555,367	\$9,726,455	\$22,281,822	\$22,281,822
460,703	90,665	551,367	11,953,703	9,150,199	21,103,902	21,103,902
465,080	86,288	551,367	10,357,080	8,629,239	18,986,318	18,986,318
469,498	81,870	551,367	6,840,498	8,236,449	15,076,947	15,076,947
473,958	77,409	551,367	6,689,958	7,935,704	14,625,662	14,625,662
478,461	72,907	551,367	5,033,461	7,680,495	12,713,955	12,713,955
483,006	68,361	551,367	5,252,006	7,461,579	12,713,585	12,713,585
487,595	63,773	551,367	5,481,595	7,231,833	12,713,427	12,713,427
492,227	59,141	551,367	5,725,227	6,990,620	12,715,847	12,715,847
496,903	54,465	551,367	5,979,903	6,737,326	12,717,228	12,717,228
501,624	49,744	551,367	6,233,624	6,481,120	12,714,744	12,714,744
506,389	44,979	551,367	6,493,389	6,222,282	12,715,671	12,715,671
511,200	40,168	551,367	6,762,200	5,951,426	12,713,626	12,713,626
516,056	35,311	551,367	7,061,056	5,655,224	12,716,280	12,716,280
520,959	30,409	551,367	7,375,959	5,337,146	12,713,105	12,713,105
525,908	25,460	551,367	7,720,908	4,992,085	12,712,992	12,712,992
530,904	20,464	551,367	8,095,904	4,618,089	12,713,992	12,713,992
535,947	15,420	551,367	8,490,947	4,225,045	12,715,992	12,715,992
541,039	10,329	551,367	8,901,039	3,812,079	12,713,117	12,713,117
546,179	5,189	551,367	9,336,179	3,378,189	12,714,367	12,714,367
			9,240,000	2,922,250	12,162,250	12,162,250
			9,715,000	2,448,375	12,163,375	12,163,375
			10,215,000	1,950,125	12,165,125	12,165,125
			10,740,000	1,426,250	12,166,250	12,166,250
			11,290,000	875,500	12,165,500	12,165,500
			11,865,000	296,625	12,161,625	12,161,625
10,000,000	1,027,349	11,027,349	215,405,000	140,371,708	355,776,708	355,776,708

*Series 2019 DS assumes that SRF DEQ Loan is fully drawn on day one.

DEBT MANAGEMENT

EXISTING OTHER DEBT

Go Zone DS			Total
Principal	Interest	Debt Service	Debt Service
\$2,650,800	\$1,485,807	\$4,136,608	\$26,418,430
2,773,797	867,542	3,641,339	24,745,241
2,902,502	738,838	3,641,339	22,627,658
3,037,178	604,161	3,641,339	18,718,286
3,178,103	463,236	3,641,339	18,267,002
6,651,134	473,659	7,124,792	19,838,748
6,959,746	322,932	7,282,678	19,996,264
3,231,640	739,318	3,970,958	16,684,386
3,231,640	739,318	3,970,958	16,686,805
3,231,640	739,318	3,970,958	16,688,187
3,231,640	739,318	3,970,958	16,685,702
1,615,820	369,659	1,985,479	14,701,150
		12,713,626	
		12,716,280	
		12,713,105	
		12,712,992	
		12,713,992	
		12,715,992	
		12,713,117	
		12,714,367	
		12,162,250	
		12,163,375	
		12,165,125	
		12,166,250	
		12,165,500	
		12,161,625	
42,695,640	8,283,108	50,978,748	406,755,456

ADOPTED 2020 OPERATING & CAPITAL BUDGETS

DEBT MANAGEMENT

PROSPECTIVE DEBT SERVICE

2020 Direct Loan			2020 Public Bonds			Total		
Principal	Interest	DS	Principal	Interest	DS	Principal	Interest	Debt Service
-	\$171,646	\$171,646	-	\$760,325	\$760,325	-	\$931,971	\$931,971
-	256,400	256,400	-	2,683,500	2,683,500	-	2,939,900	2,939,900
\$1,405,000	242,350	1,647,350	-	2,683,500	2,683,500	\$1,405,000	2,925,850	4,330,850
4,400,000	184,300	4,584,300	-	2,683,500	2,683,500	4,400,000	2,867,800	7,267,800
4,490,000	95,400	4,585,400	-	2,683,500	2,683,500	4,490,000	2,778,900	7,268,900
2,130,000	29,200	2,159,200	-	2,683,500	2,683,500	2,130,000	2,712,700	4,842,700
395,000	3,950	398,950	\$480,000	2,671,500	3,151,500	875,000	2,675,450	3,550,450
-	-	-	3,565,000	2,570,375	6,135,375	3,565,000	2,570,375	6,135,375
-	-	-	2,755,000	2,412,375	5,167,375	2,755,000	2,412,375	5,167,375
-	-	-	2,235,000	2,287,625	4,522,625	2,235,000	2,287,625	4,522,625
-	-	-	1,685,000	2,189,625	3,874,625	1,685,000	2,189,625	3,874,625
-	-	-	2,765,000	2,078,375	4,843,375	2,765,000	2,078,375	4,843,375
-	-	-	3,735,000	1,915,875	5,650,875	3,735,000	1,915,875	5,650,875
-	-	-	3,595,000	1,732,625	5,327,625	3,595,000	1,732,625	5,327,625
-	-	-	3,450,000	1,556,500	5,006,500	3,450,000	1,556,500	5,006,500
-	-	-	3,295,000	1,387,875	4,682,875	3,295,000	1,387,875	4,682,875
-	-	-	2,965,000	1,231,375	4,196,375	2,965,000	1,231,375	4,196,375
-	-	-	2,785,000	1,087,625	3,872,625	2,785,000	1,087,625	3,872,625
-	-	-	2,600,000	953,000	3,553,000	2,600,000	953,000	3,553,000
-	-	-	2,400,000	828,000	3,228,000	2,400,000	828,000	3,228,000
-	-	-	2,195,000	713,125	2,908,125	2,195,000	713,125	2,908,125
-	-	-	1,975,000	608,875	2,583,875	1,975,000	608,875	2,583,875
-	-	-	1,745,000	515,875	2,260,875	1,745,000	515,875	2,260,875
-	-	-	1,500,000	434,750	1,934,750	1,500,000	434,750	1,934,750
-	-	-	1,250,000	366,000	1,616,000	1,250,000	366,000	1,616,000
-	-	-	980,000	310,250	1,290,250	980,000	310,250	1,290,250
-	-	-	1,030,000	260,000	1,290,000	1,030,000	260,000	1,290,000
-	-	-	1,085,000	207,125	1,292,125	1,085,000	207,125	1,292,125
-	-	-	1,140,000	151,500	1,291,500	1,140,000	151,500	1,291,500
-	-	-	1,200,000	93,000	1,293,000	1,200,000	93,000	1,293,000
-	-	-	1,260,000	31,500	1,291,500	1,260,000	31,500	1,291,500
12,820,000	983,246	13,803,246	53,670,000	42,772,575	96,442,575	66,490,000	43,755,821	110,245,821

DEBT MANAGEMENT

EXISTING WATER DEBT SERVICE

Series 2014			Series 2015			Total Senior		
Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service
\$2,930,000	\$4,760,000	\$7,690,000	\$895,000	\$4,888,550	\$5,783,550	\$3,825,000	\$9,648,550	\$13,473,550
3,070,000	4,613,500	7,683,500	935,000	4,852,750	5,787,750	4,005,000	9,466,250	13,471,250
3,225,000	4,460,000	7,685,000	970,000	4,815,350	5,785,350	4,195,000	9,275,350	13,470,350
2,230,000	4,298,750	6,528,750	2,155,000	4,786,250	6,941,250	4,385,000	9,085,000	13,470,000
2,345,000	4,187,250	6,532,250	2,260,000	4,678,500	6,938,500	4,605,000	8,865,750	13,470,750
2,460,000	4,070,000	6,530,000	2,375,000	4,565,500	6,940,500	4,835,000	8,635,500	13,470,500
2,585,000	3,947,000	6,532,000	2,490,000	4,446,750	6,936,750	5,075,000	8,393,750	13,468,750
2,715,000	3,817,750	6,532,750	2,615,000	4,322,250	6,937,250	5,330,000	8,140,000	13,470,000
2,850,000	3,682,000	6,532,000	2,750,000	4,191,500	6,941,500	5,600,000	7,873,500	13,473,500
2,990,000	3,539,500	6,529,500	2,885,000	4,054,000	6,939,000	5,875,000	7,593,500	13,468,500
3,140,000	3,390,000	6,530,000	3,030,000	3,909,750	6,939,750	6,170,000	7,299,750	13,469,750
3,300,000	3,233,000	6,533,000	3,180,000	3,758,250	6,938,250	6,480,000	6,991,250	13,471,250
3,460,000	3,068,000	6,528,000	3,345,000	3,599,250	6,944,250	6,805,000	6,667,250	13,472,250
3,635,000	2,895,000	6,530,000	3,510,000	3,432,000	6,942,000	7,145,000	6,327,000	13,472,000
3,820,000	2,713,250	6,533,250	3,680,000	3,256,500	6,936,500	7,500,000	5,969,750	13,469,750
4,010,000	2,522,250	6,532,250	3,865,000	3,072,500	6,937,500	7,875,000	5,594,750	13,469,750
4,210,000	2,321,750	6,531,750	4,060,000	2,879,250	6,939,250	8,270,000	5,201,000	13,471,000
4,420,000	2,111,250	6,531,250	4,265,000	2,676,250	6,941,250	8,685,000	4,787,500	13,472,500
4,645,000	1,890,250	6,535,250	4,475,000	2,463,000	6,938,000	9,120,000	4,353,250	13,473,250
4,875,000	1,658,000	6,533,000	4,700,000	2,239,250	6,939,250	9,575,000	3,897,250	13,472,250
5,120,000	1,414,250	6,534,250	4,930,000	2,004,250	6,934,250	10,050,000	3,418,500	13,468,500
5,370,000	1,158,250	6,528,250	5,185,000	1,757,750	6,942,750	10,555,000	2,916,000	13,471,000
5,645,000	889,750	6,534,750	5,435,000	1,498,500	6,933,500	11,080,000	2,388,250	13,468,250
5,925,000	607,500	6,532,500	5,710,000	1,226,750	6,936,750	11,635,000	1,834,250	13,469,250
6,225,000	311,250	6,536,250	5,995,000	941,250	6,936,250	12,220,000	1,252,500	13,472,500
			12,830,000	641,500	13,471,500			

DRAINAGE DEBT SERVICE

Existing Drainage Debt Service

Series 2014

Principal	Interest	Debt Service
\$1,895,000	\$140,950	\$2,035,950
1,955,000	84,100	2,039,100
2,000,000	45,000	2,045,000
5,850,000	270,050	6,120,050

DEBT MANAGEMENT

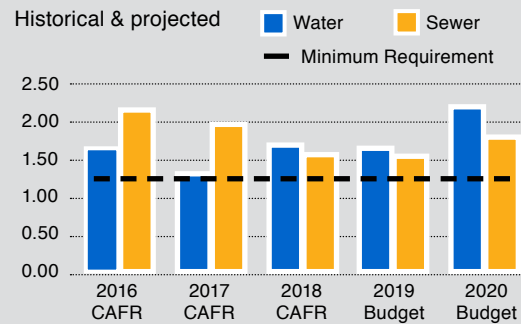
BOND RATING AND DEBT SERVICE COVERAGE

SWBNO regularly issues debt to support its Capital Improvement Program. The organization’s bond rating from Standard and Poor (S&P) and Fitch are shown below.

SWBNP Ratings	S&P	Fitch
Sewer	A	BBB+
Water	A-	BBB+
Drainage	AA-	A+

One of the most important financial metrics to SWBNO is Debt Service Coverage, which demonstrates the Board’s ability to meet its annual debt obligations. The calculation for Debt Service Coverage is established in SWBNO’s Rate Covenant and is calculated by dividing Funds Available for Debt Service (Adjusted Revenues less Net Operating Expenses) by annual debt service payments. As

DEBT SERVICE COVERAGE



specified in SWBNO’s Rate Covenant, SWBNO is legally required to maintain Debt Service Coverage of 125% with respect to Senior Debt and 110% of aggregate Senior and Subordinate Debt. As shown, historically SWBNO has maintained strong Debt Service Coverage and is projected to do the same in 2020. Strong levels of Debt Service Coverage are seen favorably by rating agencies and help SWBNO save money on long-term interest costs.

KEY METRICS FROM 2020 OPERATING BUDGET

Line No	Description	Water	Sewer	Drainage
7	Total operating revenue	\$117,143,380	\$146,567,354	—
8	Total other operating revenue	3,784,788	2,603,923	\$67,071,195
9	Total revenue	120,928,168	149,171,277	67,071,195
10	Operating and maintenance expense	90,801,009	103,653,966	46,512,609
11	Cash available for debt service	30,127,159	45,517,310	20,558,586
Debt Service Coverage				
12	Net operating income	3,743,704	12,121,721	
13	Other non-operating revenues	3,784,788	2,603,923	
14	Depreciation & allowances expenses (non-cash)	18,932,000	27,125,000	
15	OPEB liability (non-cash)	3,666,667	3,666,667	
16	Cash available for debt service	30,127,159	45,517,310	
17	Debt service (principal and interest)	13,473,550	21,730,455	
18	GO Zone	-	3,146,070	
19	Debt service coverage times	2.24	1.83	

DEBT MANAGEMENT

SOUTHEAST LOUISIANA PROJECT

In 2010, the Coastal Protection and Restoration Authority of Louisiana entered into agreements (SELA PPA and SELA DPA) with the Department of the Army for the Southeast, Louisiana Project in Jefferson and Orleans Parishes (the Project). The purpose of the Project is to provide flood damage reduction and interior drainage for Orleans and Jefferson Parishes in southeast Louisiana. The agreements set forth the obligations of the federal government and nonfederal sponsors, including the Board, regarding the construction and the operation, maintenance, repair, rehabilitation, and replacement of the Project. For the projects, the federal government is responsible for 65% of the project costs and the non-federal sponsors are responsible for the remaining 35%.

Under the agreement, the Department of the Army, subject to the availability of funds appropriated by the Congress of the United States, shall design and construct specified work at 100% federal expense. The Board will be allowed to defer payment of its required non-federal contribution of funds of 35% and to pay said contribution of funds with interest over a period of not more than 30 years from the date of completion of the project or separable element of the project. The interest rate to be used in computing the interest shall be determined by the Secretary of the Treasury, taking into consideration average market yields on outstanding marketable obligations of the United States with remaining periods of maturity comparable to the payment period during the month preceding the Government fiscal year in which the first federal construction contract for such separable element is awarded to the SELA PPA, plus a premium of one-eighth of one percentage point for transaction costs

Projected Debt Service Requirements

Year	Principal	Interest	Total
2020	\$(1,483,327)	\$6,099,521	\$4,616,194
2021	1,664,751	2,951,443	4,616,194
2022	(8,289,455)	21,560,846	13,271,391
2023	5,539,932	7,731,459	13,271,391
2024-28	30,343,384	36,013,569	66,356,953
2029-33	35,293,932	31,063,022	66,356,954
2034-38	41,089,014	25,267,939	66,356,954
2039-43	47,875,397	18,481,557	66,356,954
2044-48	55,825,934	10,531,020	66,356,954
2049-50	19,469,026	846,943	20,315,969
Total	227,328,589	160,547,319	387,875,908

Note: Future payments are first applied toward interest accrued to-date since inception, resulting negative principal payments in year 2020, and 2022



FINANCIAL OVERVIEW

Capital Program Budget

In addition to operating and maintenance budgets, SWBNO is responsible for supporting a capital program that allows for the repair, rehabilitation, and replacement of water, sewer, and drainage capital assets.

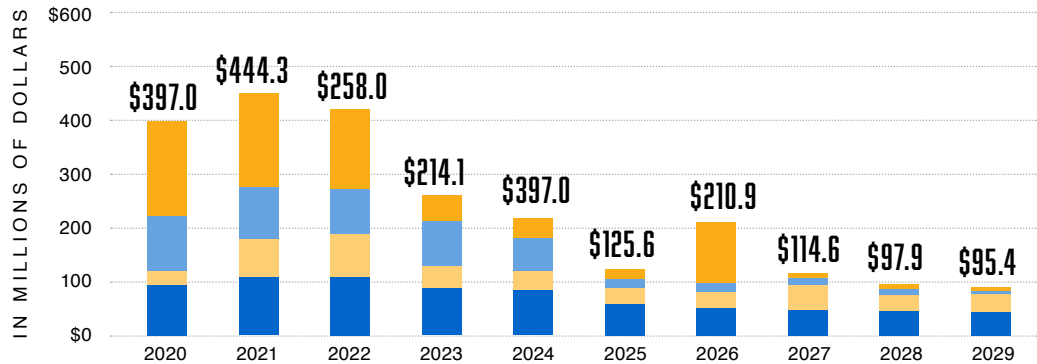
SWBNO has many financial needs in terms of capital improvements. SWBNO has identified needed asset and infrastructure investment that includes \$2 billion over the next 10 years. As a municipal entity, SWBNO doesn't have access to equity markets, so all projects must be funded through debt issuances, grants, or cash generated from user charges. Debt issuances are an attractive means for raising capital

due to the ability to spread payments over many years at a low cost, limiting the impact to SWBNO ratepayers. However, due to the size of SWBNO's current debt load, debt issuances must be managed pragmatically to avoid over-leveraging the system. Therefore, the entire program of capital needs cannot be funded in 2020.

Due to limited access to capital resources, SWBNO establishes annual capital budgets by prioritizing all capital projects and determining which projects can and should be funded in each year. Most capital projects included in the 2020 Capital Budget are categorized as either "critical," "urgent," or "necessary."

10-YEAR CIP

- Combined
- Drainage only
- Sewerage only
- Water only



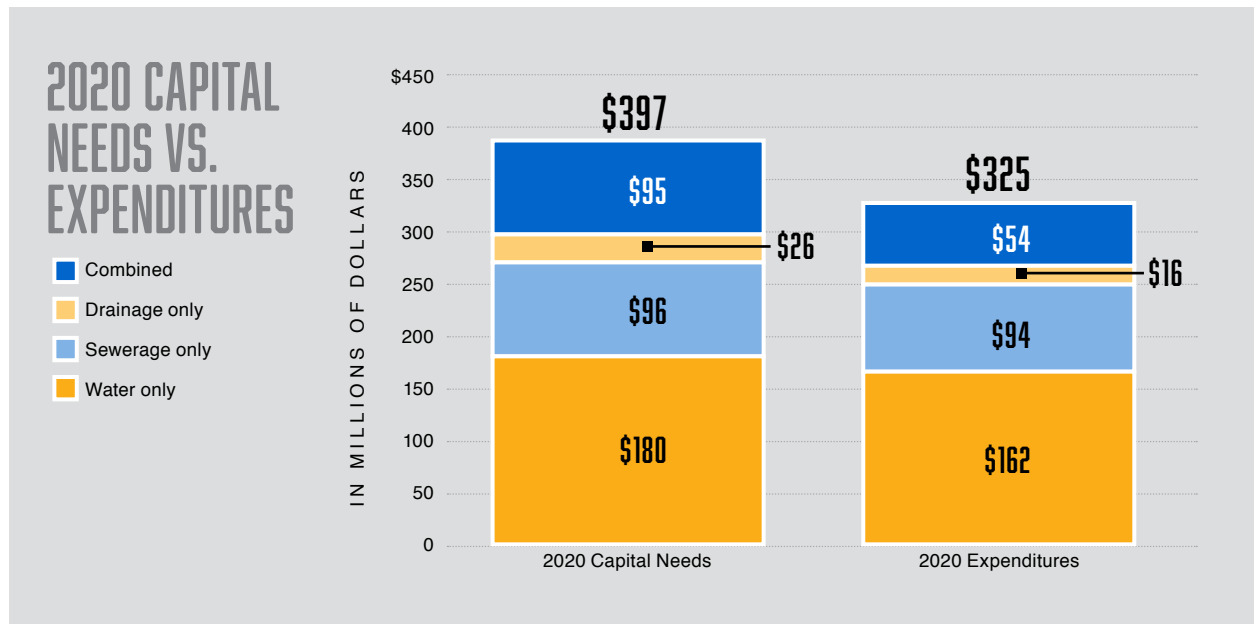
CAPITAL PROGRAM

The 2020 Capital Budget includes \$325.4 million in capital expenditures and provides for the following:

- Continue Joint Infrastructure Recovery Request in conjunction with City of New Orleans Department of Public Works.
- Comply with regulatory requirements under the Sewer Consent Decree.
- Rehabilitate and upgrade facilities at the Carrollton Water Plant.
- Participate in drainage system improvements in coordination with SELA Program.
- Continue Automated Meter Infrastructure project.

Financing sources for the 2020 Capital Budget include: existing water bonds, Water Infrastructure Finance and Innovation Act (WIFIA) loan, Safe Drinking Water and Clean Water loans from the EPA, grants from FEMA and the Corp of Engineers, and SWBNO cash financing.

SWBNO recognizes the vital importance of continuing infrastructure repair and replacement and has updated its long-range capital forecast to address the priority needs of the system. However, only a portion of the capital funding needed in 2020 has been identified. The 10-year Capital Improvement Plan (CIP) is updated annually and contains approximately \$2.4 billion of projects.



CAPITAL PROGRAM

CAPITAL IMPROVEMENT PROGRAM BUDGET

Line No.	System	Category	Project Description	CP No.	Location	Fund Source	Priority	2020
23	Water	Facilities	Water Hammer Hazard Mitigation Program Contingency (Contracts 1376 and 1377)	175-00	CWP	FEMA	Critical	\$37,300,000
24	Water	Normal Extensions	Replacement of water distribution system on East Bank FEMA (FEMA PW#21031)	175-13	Citywide	FEMA	Critical	\$67,223,219
25	Water	Normal Extensions	JIRR Replacement of Identified ADA Ramps (FEMA PW #21031 and 21032)	175-14	Citywide	FEMA	Critical	\$2,383,979
33	Sewerage	Normal Extensions	Replace Sewer System Associated with JIRR Projects, Consent Decree (FEMA PW #21032)	317-04	Citywide	FEMA/ Other	Critical	\$73,505,266
54	Drainage	Normal Extensions	Replace/Upgrade Drainage System Associated with JIRR FEMA Projects (FEMA PW #21031)	439-01	Citywide	FEMA	Critical	\$3,137,615
64	Drainage	Facilities	Upgrade and Expansion of SCADA Systems	511-50	Citywide	SWB/ Other	Necessary	\$1,200,000
65	Combo	Power	Construction of CWP West Substation/Demo of C7 C8 Basins	610-02	CWP	SWB/ Other	Urgent	\$7,966,152
67	Combo	Facilities	Construction of HMGP Projects - 1370A; Modifications/ Upgrades of EMD's	676-05	CWP	FEMA	Critical	\$8,500,000
68	Combo	Facilities	HMGP Upgrades to Turbine 6 and Contract 1368 Construction	676-06	CWP	HMGP	Critical	\$8,250,000
Total Grant Funded Projects								\$209,466,231

Line No.	System	Category	Project Description	CP No.	Location	Fund Source	Priority	2020
14	Water	Facilities	Rehab of filters at Sycamore Filter gallery	122-03	CWP	SWB	Urgent	\$9,000,000
52	Drainage	Normal Extensions	Rehabilitation of Underground Drainage Canals	418-00	Citywide	SWB	Desirable	\$1,000,000
55	Drainage	SELA	SELA Projects Estimated 30-Year Payback	471-00	Citywide	SWB	Urgent	\$5,500,000
70	Combo	Power	Power Plant Cooling Water Improvements	676-11	CWP	SWB	Necessary	\$1,000,000
97	Combo	Equipment	Automated Meter Infrastructure	825-00	Citywide	SWB	Urgent	\$2,000,000
98	Combo	Other	Master Plan	826-00	Citywide	SWB	Necessary	\$2,000,000
Total Fair Share Projects								\$20,500,000.00

ADOPTED 2020 OPERATING & CAPITAL BUDGETS

CAPITAL PROGRAM

CAPITAL IMPROVEMENT PROGRAM BUDGET

Line No.	System	Category	Project Description	CP No.	Location	Fund Source	Priority	2020
10	Water	Facilities	Claiborne and Panola Pumping Stations Stormproofing	110-59	CWP	SWB	Urgent	\$200,000
17	Water	Facilities	Construction of a new Bulk Chemical Feed and Storage Facility (Contract 1391)	135-08	CWP	SWB	Critical	\$11,000,000
26	Water	Normal Extensions	Additional JIRR Water Line Replacements Required for Street Reconstruction on East Bank	175-15	Citywide	LDH Loan	Critical	\$30,000,000
29	Water	Normal Extensions	Lead Water Service Line Replacement Program	214-04	Citywide	SWB	Critical	\$350,000
31	Water	Normal Extensions	Normal Extensions and Replacements of Water Mains Citywide	239-00	Citywide	SWB	Critical	\$4,400,000
32	Sewerage	Normal Extensions	Sanitary Sewer Force Mains	313-00	Citywide	SWB	Urgent	\$1,550,000
34	Sewerage	Normal Extensions	Rehabilitation of gravity sewers via point repairs, full line replacement, CIPP lining and pavement restoration	318-02	Citywide	SWB	Critical	\$3,100,000
35	Sewerage	Normal Extensions	Manhole-to-manhole sanitary sewer main replacement at various locations throughout Orleans Parish	318-03	Citywide	SWB	Critical	\$3,150,000
36	Sewerage	Normal Extensions	New Sewer House Connections	318-04	Citywide	SWB	Critical	\$610,000
37	Sewerage	Facilities	Misc. Repairs, Upgrades, and Replacements at Various Sewage Pumping Stations	326-00	Citywide	SWB	Urgent	\$6,150,000
39	Sewerage	Normal Extensions	Normal Extension and Replacement of Sewer Mains Citywide	339-01	Citywide	SWB	Critical	\$3,300,000
41	Sewerage	Facilities	Bio-Reactor Train #4 - Replace Mixers / Cleaning	348-01	EBSTP	SWB	Necessary	\$1,400,000
50	Sewerage	Facilities	WBWWTP Improvements	381-01	WBWWTP	SWB	Urgent	\$400,000
51	Sewerage	Normal Extensions	Paving of sewer lines	382-00	Citywide	SWB	Critical	\$1,000,000
53	Drainage	Normal Extensions	Normal Extension and Replacements drain lines 36" and greater via DPW Paving Projects and SWB Projects	439-00	Citywide	SWB	Urgent	\$1,025,000
56	Drainage	SELA	SELA Program Management	471-01	Citywide	SWB	Urgent	\$1,800,000
57	Drainage	Legal	SELA Claims Management Services	471-02	Citywide	SWB	Critical	\$500,000
59	Drainage	Canals	Forensic Engineering	496-04	Citywide	SWB	Urgent	\$700,000
60	Drainage	Legal	SELA Litigation Costs	498-00	Citywide	SWB	Critical	\$750,000
74	Combo	Facilities	Resiliency Complex, Infill Building, Headhouse Renovation and Engineering Building Hardening	807-00	CWP	SWB	Necessary	\$1,800,000

CAPITAL PROGRAM

CAPITAL IMPROVEMENT PROGRAM BUDGET

Line No.	System	Category	Project Description	CP No.	Location	Fund Source	Priority	2020
82	Combo	Facilities	Installation of security cameras and access cards	808-01	Citywide	SWB	Necessary	\$400,000
83	Combo	Equipment	Vehicle replacement (large trucks, cranes, etc.)	810-01	Citywide	SWB	Necessary	\$2,500,000
84	Combo	Equipment	Heavy construction equipment replacement such as excavators, backhoes, cranes, front end loaders, etc.	810-02	Citywide	SWB	Necessary	\$3,000,000
87	Combo	Equipment	Purchase of New Diagnostic Equipment	810-05	Citywide	SWB	Necessary	\$500,000
90	Combo	Software	New Development-IT contractors	812-03	Citywide	SWB	Critical	\$3,500,000
91	Combo	Software	Financial Software Implementation	812-06	Citywide	SWB	Critical	\$2,698,270
92	Combo	Software	Miscellaneous Software Projects	812-07	Citywide	SWB	Necessary	\$362,000
93	Combo	Software	Asset Management System	812-08	Citywide	SWB	Critical	\$1,500,000
96	Combo	Equipment	Furnishing brass water service fittings, meter boxes, and meter box parts	824-00	Central Yard	SWB	Necessary	\$1,000,000
99	Combo	Software	SCADA Projects	843-00	Citywide	SWB	Critical	\$336,730
100	Combo	Equipment	Vehicle replacement (small and medium trucks, cars, etc.)	843-01	Citywide	SWB	Necessary	\$2,500,000
101	Combo	Hardware	3 D Printer	843-02	CWP/ Fac Mnt.	SWB	Necessary	\$60,000
102	Combo	Hardware	Replacement UPS and Tape Drive for Mainframe	843-03	Citywide	SWB	Critical	\$347,000
103	Combo	Hardware	Servers, Storage, etc.	843-04	Citywide	SWB	Urgent	\$362,000
104	Combo	Hardware	Duplicate Data Center at Carrollton	843-05	Citywide	SWB	Critical	\$990,000
110	Combo	Hardware	Central Control Recording Device	843-15	Citywide	SWB	Urgent	\$30,000
112	Combo	Hardware	Network Infrastructure	843-20	Citywide	SWB	Critical	\$465,000
113	Combo	Hardware	PC's and peripherals	843-24	Citywide	SWB	Necessary	\$310,000
115	Combo	Hardware	Audio Visual Projects	843-26	Citywide	SWB	Urgent	\$39,000
116	Combo	Normal Extensions	Purchase of Fire Hydrants	862-00	Citywide	SWB	Critical	\$500,000
117	Combo	Facilities	Green Infrastructure Project	879-00	Citywide	SWB	Necessary	\$843,650
Total Targeted Funded Projects								\$95,428,650
Grand Total for Grant, Fair Share, and Targeted Funded Projects								\$325,394,881

FINANACIAL OVERVIEW

Expenditures By System

By Louisiana State Law, SWBNO is responsible for maintaining three separate operating systems:

- Water System
- Sewer System
- Drainage System

Revenues for each system can only be expended on the cost related to the applicable system; therefore, expenditures are budgeted and tracked separately for each system. This section provides detailed operating budgets for each system.

OPERATING & MAINTENANCE EXPENSE

Detail by Department and System

Code	Department	Water	Sewerage	Drainage	Total
I. Executive Director					
	Total Executive Director	\$1,068,985	\$1,356,332	\$606,329	\$3,031,647
II. Special Counsel					
	Total Special Counsel	1,376,836	2,044,726	1,167,890	4,589,452
III. Chief of Communications					
	Total Chief of Communications	303,657	303,657	151,829	759,143
IV. Chief of Customer Service					
	Total Chief of Customer Service	79,244	79,244	39,622	198,110
V. Chief Administrative Officer					
	Total Chief Administrative Officer	179,440	179,440	89,720	448,599
	Total Real Estate Administrator	78,740	78,740	39,370	196,850
	Total Continuous Improvement	80,913	80,913	80,913	242,738
	Total Information Systems	3,279,212	6,558,424	3,279,212	13,116,847
	Total Human Resources	1,807,722	1,807,722	903,861	4,519,306
	Total Human Resources-Payroll Related	6,087,000	6,087,000	3,043,500	15,217,500
	Total Security	6,013,214	6,013,214	3,006,607	15,033,035
	Total Chief Administrative Officer	17,526,240	20,805,452	10,443,182	48,774,875

ADOPTED 2020 OPERATING & CAPITAL BUDGETS

EXPENDITURES BY SYSTEM

VI. General Superintendent/Operations				
Total Department of Operations	\$210,412	\$15,610,483	\$140,274	\$15,961,169
Total JIRR	642,753	1,071,255	428,502	2,142,510
Total Environmental Compliance	788,862	1,972,155	1,183,293	3,944,310
Total Support Services	5,647,926	5,772,034	3,110,125	14,530,085
Total Drainage Pumping	—	—	15,983,329	15,983,329
Total Sewerage Pumping	—	4,818,291	—	4,818,291
Total Water Pumping & Power	11,383,714	5,659,667	3,069,477	20,112,859
Total Purification	14,325,878	—	—	14,325,878
Total Facility Maintenance	5,389,093	8,718,218	3,329,124	17,436,435
Total Networks	21,677,254	22,172,754	7,640,627	51,490,636
Total Engineering	1,803,818	3,006,364	1,650,998	6,461,180
Total Plumbing	2,165,634	2,165,634	—	4,331,268
Total General Superintendent/Operations	64,035,345	70,966,855	36,535,749	171,537,950
VII. Chief Financial Officer				
Total Chief Financial Officer	1,092,960	1,821,600	728,640	3,643,199
Total EDBP	248,875	248,875	124,437	622,187
Total Planning & Budget	408,383	408,383	204,192	1,020,958
Project Delivery Unit	758,293	1,263,821	505,528	2,527,642
Total Treasury	61,367	61,367	30,684	153,418
Total Finance	1,507,212	1,507,212	753,606	3,768,031
Total Revenue	1,207,631	1,207,631	—	2,415,262
Total Billing & Accounts	1,824,990	1,824,990	—	3,649,979
Total Customer Service	2,016,464	2,016,464	114,328	4,147,257
Total Meter Service	2,621,228	2,621,228	—	5,242,456
Total Purchasing	509,842	509,842	254,921	1,274,606
Board Employer's Pension Contribution	(880,000)	(640,000)	(480,000)	(2,000,000)
Total Chief Financial Officer	11,377,245	12,851,413	2,236,336	26,464,995
VIII. Overhead Allocation				
Total Overhead	(4,966,544)	(4,753,714)	(4,668,330)	(14,388,588)
Total Operating and Maintenance	90,801,009	103,653,966	46,512,609	240,967,584
IX. Other Operating Expenses				
Total Depreciation & Allowance Expenses (Non-Cash)	18,932,000	27,125,000	22,950,000	69,007,000
Total OPEB Liability (non-cash)	3,666,667	3,666,667	3,666,667	11,000,000
Total Other Non-Cash Expenses	22,598,667	30,791,667	26,616,667	80,007,000
Total 2020 Operating Expenses	113,399,676	134,445,633	73,129,275	320,974,584

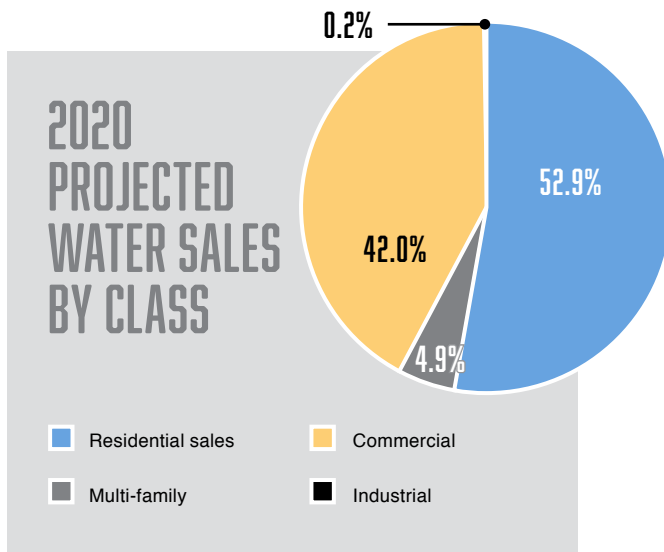
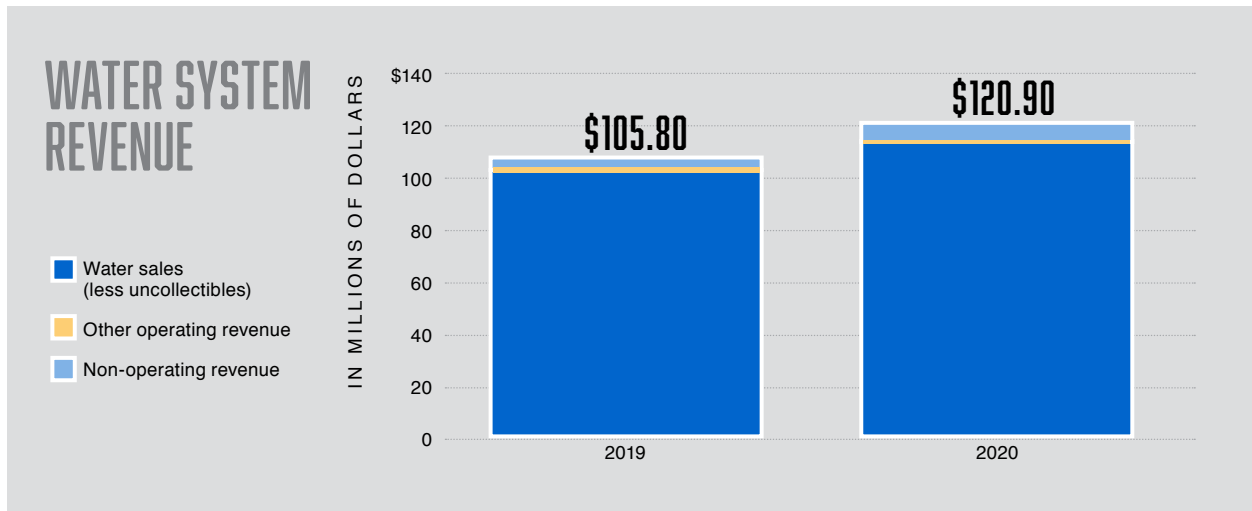
EXPENDITURES BY SYSTEM

WATER FUND

Water System revenue is comprised of three main categories:

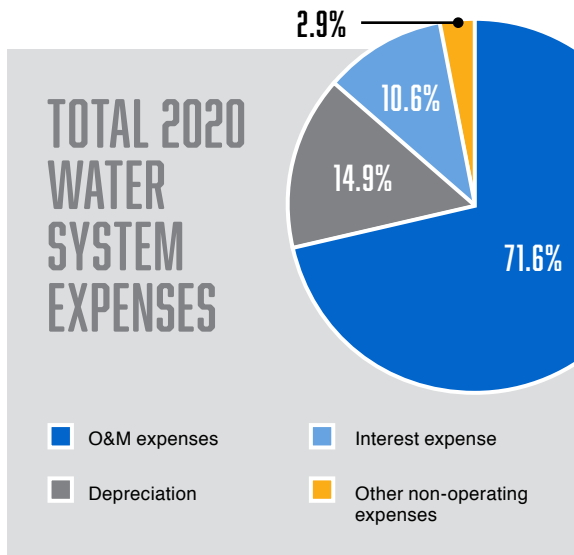
- Water Sales (User Charges)
- Other Operating Revenue
- Non-Operating Revenue.

Revenue to fund water operations is largely from user charge revenue, or Water Sales. In fact, Water Sales revenue was 97% of the total water revenue in the 2019 budgeted revenue and is at 96% for the 2020 budget. Other operating and non-operating account for approximately \$4.3 million in revenue in addition to Water Sales.



The vast majority of SWBNO's customer accounts are residential but revenue recovery by class results in approximately 52.9% of water sales revenue from residential customers and 47.1% from non-residential customers.

EXPENDITURES BY SYSTEM



Water operating & maintenance expense breakdown

	2020	%
Executive Director	\$1,068,985	1.2%
Special Counsel	\$1,376,836	1.5%
Chief Administrative Officer	\$17,526,240	19.3%
Chief of Communications	\$303,657	0.3%
General Supt./Operations	\$64,035,345	70.5%
Chief Financial Officer	\$11,377,245	12.5%
Chief of Customer Service	\$79,244	0.1%
Overhead	\$(4,966,544)	-5.5%
Total	\$90,801,009	100.0%

More than 71% of the total water fund budget is dedicated to operations and maintenance. The O&M budget is comprised of several department operations, as shown in the included table.



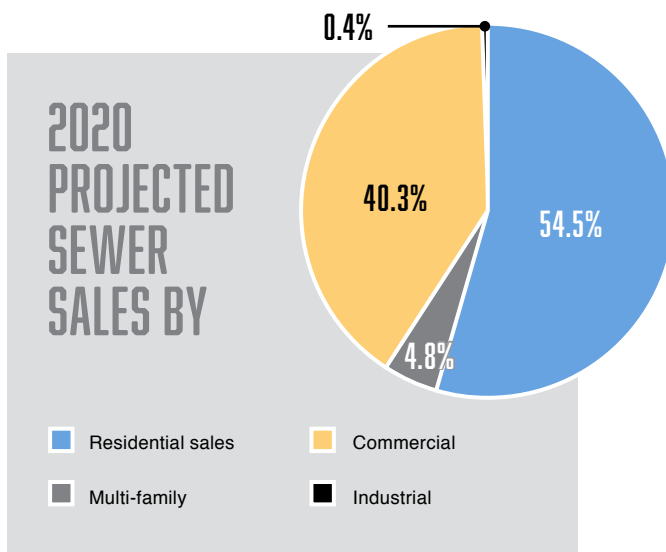
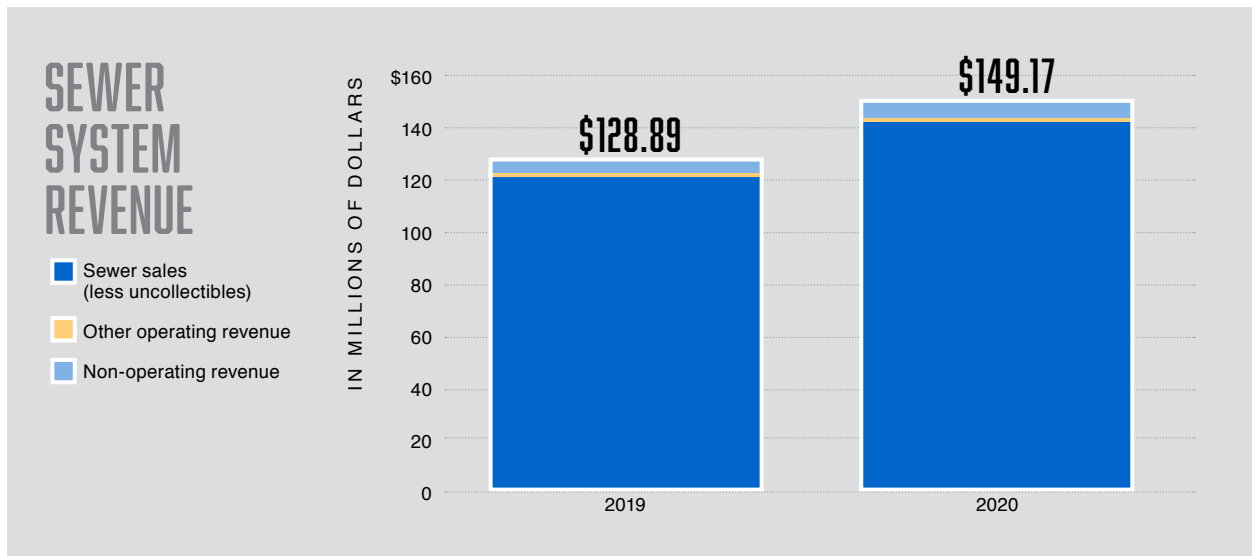
EXPENDITURES BY SYSTEM

SEWER FUND

Like the Water System, Sewer System revenue is comprised of three main categories:

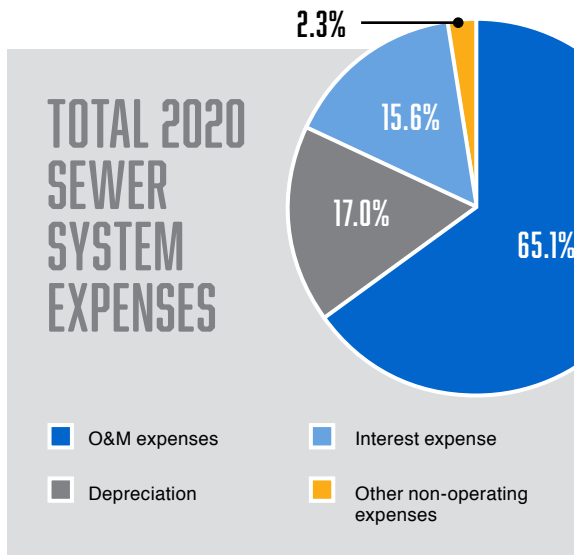
- Sewer Sales (User Charges)
- Other Operating Revenue
- Non-Operating Revenue.

Revenue to fund sewer operations is largely from user charge revenue, or Sewer Sales. In fact, Sewer Sales revenue was 97% of the total sewer revenue in both the 2019 budget and the 2020 budget. Other operating and non-operating account for approximately \$3.2 million in revenue in addition to Sewer Sales.



The vast majority of SWBNO's customer accounts are residential but revenue recovery by class results in approximately 54.5% of sewer sales revenue from residential customers and 45.5% from non-residential customers.

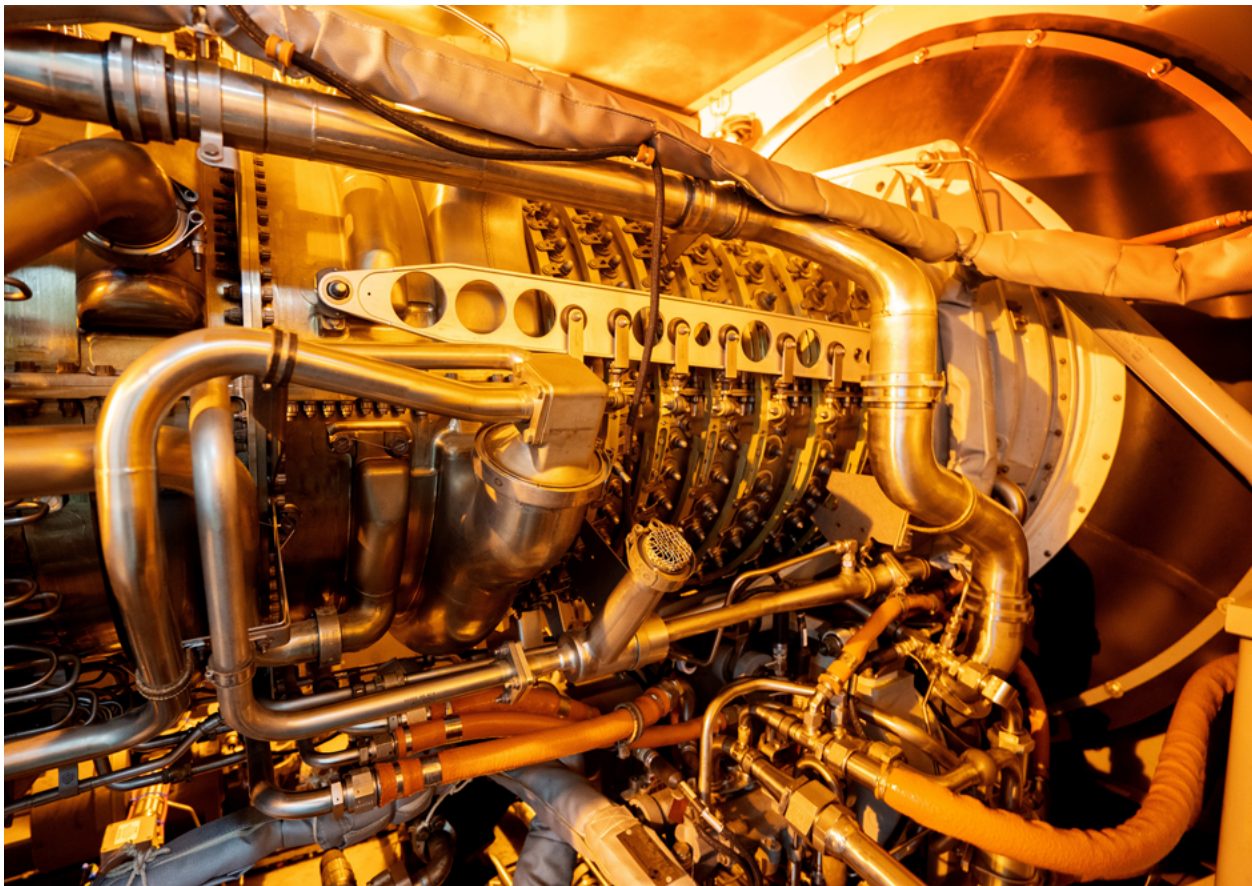
EXPENDITURES BY SYSTEM



Sewer operating & maintenance expense breakdown

	2020	%
Executive Director	\$1,356,332.30	1.3%
Special Counsel	\$2,044,726.00	2.0%
Chief Administrative Officer	\$20,805,452.17	20.1%
Chief of Communications	\$303,657.20	0.3%
General Supt./Operations	\$70,966,855.30	68.5%
Chief Financial Officer	\$12,851,413.40	12.4%
Chief of Customer Service	\$79,244.00	0.1%
Overhead	\$(4,753,714.00)	-4.6%
Total	\$103,653,966.37	100.0%

More than 65% of the total sewer fund budget is dedicated to operations and maintenance. The O&M budget is comprised of several department operations, as shown in the included table.



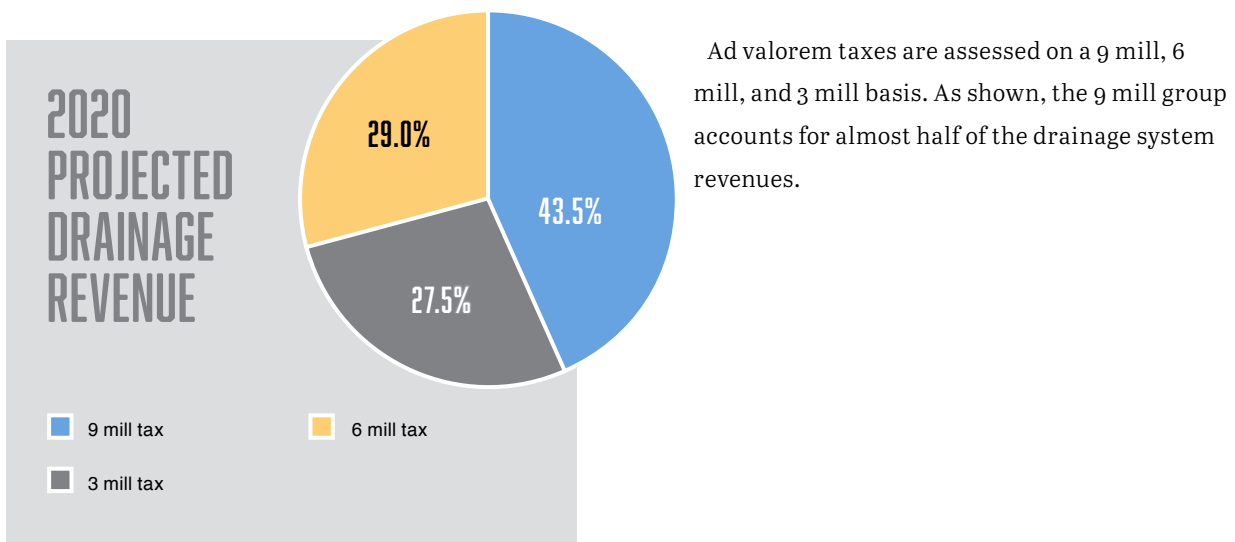
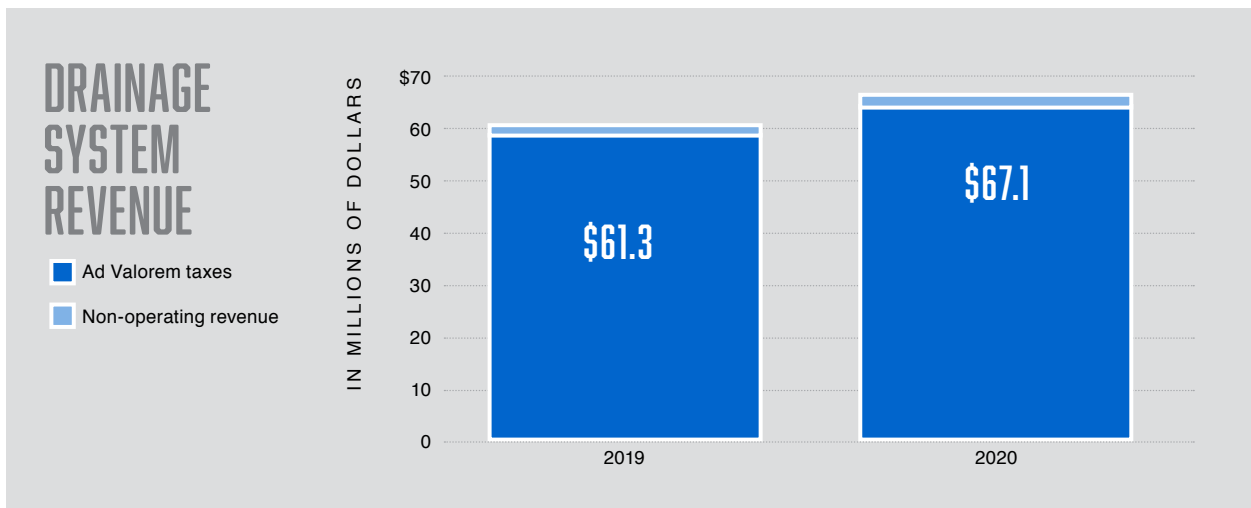
EXPENDITURES BY SYSTEM

DRAINAGE FUND

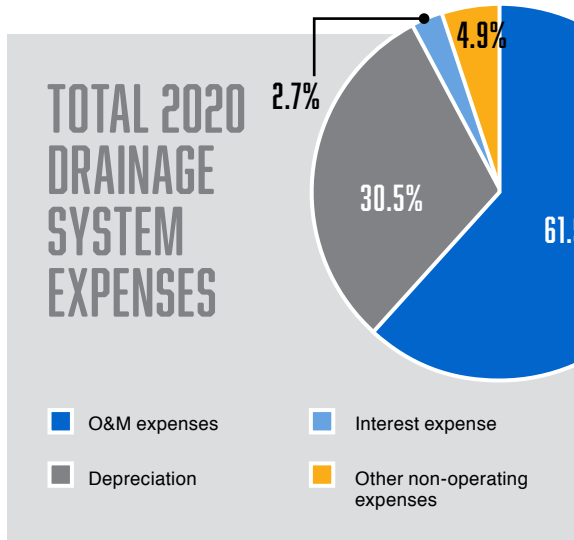
Drainage System revenue is comprised of two main categories:

- Ad Valorem Taxes.
- Non-Operating Revenue.

Revenue to fund drainage operations is largely from ad valorem taxes. In fact, ad valorem tax revenue was 98% of the total drainage revenue in the 2019 budget and the 2020 budget. Other non-operating revenues account for approximately \$1.5 million in revenue in addition to ad valorem taxes.



EXPENDITURES BY SYSTEM



Drainage operating & maintenance expense breakdown

	2020	%
Executive Director	\$606,329.40	1.30%
Special Counsel	\$1,167,890.40	2.51%
Chief Administrative Officer	\$10,443,182.42	22.45%
Chief of Communications	\$151,828.60	0.33%
General Supt./Operations	\$36,535,749.40	78.55%
Chief Financial Officer	\$2,236,336.40	4.81%
Chief of Customer Service	\$39,622.00	0.09%
Overhead	\$(4,668,330.00)	-10.04%
Total	\$46,512,608.62	100.00%

More than 61% of the total drainage fund budget is dedicated to operations and maintenance. The O&M budget is comprised of several department operations, as shown in the included table.



EXPENDITURES BY SYSTEM

OPERATING AND MAINTENANCE EXPENSE SUMMARY BY DIVISION AND SYSTEM

Line No	Division	A Water	B Sewerage	C Drainage	D 2020 Adopted
1	Executive Director	\$1,068,985	\$1,356,332	\$606,329	\$3,031,647
2	Special Counsel	\$1,376,836	\$2,044,726	\$1,167,890	\$4,589,452
3	Chief Administrative Officer	\$17,526,240	\$20,805,452	\$10,443,182	\$48,774,875
4	Chief of Communications	\$303,657	\$303,657	\$151,829	\$759,143
5	General Supt./Operations	\$64,035,345	\$70,966,855	\$36,535,749	\$171,537,950
6	Chief Financial Officer	\$11,377,245	\$12,851,413	\$2,236,336	\$26,464,995
7	Chief of Customer Service	\$79,244	\$79,244	\$39,622	\$198,110
8	Overhead	\$(4,966,544)	\$(4,753,714)	\$(4,668,330)	\$(14,388,588)
9	Total Operating & Maintenance	\$90,801,009	\$103,653,966	\$46,512,609	\$240,967,584
10	Debt Service	\$13,473,550	\$24,876,525	\$2,035,950	\$40,386,025
11	Depreciation & Allowance Expenses (non-cash)	\$18,932,000	\$27,125,000	\$22,950,000	\$69,007,000
12	OPEB Liability (non-cash)	\$3,666,667	\$3,666,667	\$3,666,667	\$11,000,000
13	Total Expense	\$126,873,226	\$159,322,158	\$75,165,225	\$361,360,609



EXPENDITURES BY SYSTEM

2020 OPERATING BUDGET BY SYSTEM

DESCRIPTION	A: WATER	B: SEWERAGE	C: DRAINAGE	D: TOTAL
Operating Revenues				
Revenues from Charges	\$118,952,385	\$148,910,517	—	\$267,862,902
Other Operating Revenues	569,995	634,837	—	1,204,832
Adjustment for Uncollectible Accounts	(2,379,000)	(2,978,000)	—	(5,357,000)
Total Operating Revenues	117,143,380	146,567,354	—	263,710,734
Operating Expenses				
Operating & Maintenance Expenses	90,801,009	103,653,966	\$46,512,609	240,967,584
Depreciation & Allowances Expenses (non-cash)	18,932,000	27,125,000	22,950,000	69,007,000
OPEB Liability (non-cash)	3,666,667	3,666,667	3,666,667	11,000,000
Total Operating Expense	113,399,676	134,445,633	73,129,275	320,974,584
Net Operating Income	3,743,704	12,121,721	(73,129,275)	(57,263,850)
Non-Operating Revenues				
Tax Revenues	—	—	65,549,588	65,549,588
Interest Income	526,861	468,683	504,031	1,499,575
Other Non-Operating Revenues	2,500,984	873,669	512,948	3,887,601
FEMA Expense Reimbursement	756,943	1,261,571	504,628	2,523,142
Total Non-Operating Revenues	3,784,788	2,603,923	67,071,195	73,459,905
Non-Operating Expenses				
Interest Expense - Series 2011 Bonds	—	57,380	—	57,380
Interest Expense - Series 2014 Bonds	4,760,000	4,574,075	140,950	9,475,025
Interest Expense - Series 2015 Bonds	4,888,550	5,000,000	—	9,888,550
LADEQ Loan	—	—	—	—
Go Zone Interest Expense	—	—	—	—
Capitalized Interest	(9,648,550)	(9,631,455)	(140,950)	(19,420,955)
Total Non-Operating Expenses	—	—	—	—
Net Income	7,528,492	14,725,644	(6,058,081)	16,196,055
Debt Service				
Net Income	7,528,492	14,725,644	(6,058,081)	16,196,055
Depreciation & Allowances Expenses (non- cash)	18,932,000	27,125,000	22,950,000	69,007,000
OPEB Liability (non-cash)	3,666,667	3,666,667	3,666,667	11,000,000
Cash Available for Debt Service	30,127,159	45,517,310	20,558,586	96,203,055
Debt Service Principal/Interest	13,473,550	21,730,455	2,035,950	37,239,955
GO Zone	—	3,146,070	—	3,146,070
Cash Available After Debt Service	16,653,609	20,640,785	18,522,636	55,817,030

ADOPTED 2020 OPERATING & CAPITAL BUDGETS

EXPENDITURES BY SYSTEM

WATER | COMPARISON 2018 BUDGET, 2019 BUDGET, 2020 BUDGET

LINE NO	DESCRIPTION	2018 BUDGET	2019 BUDGET	2020 WATER
Operating Revenues				
1	Revenues from Charges	\$105,248,728	\$104,392,601	\$118,952,385
2	Other Operating Revenues	3,474,075	565,047	569,995
3	Adjustment for Uncollectible Accounts	(2,104,975)	(1,775,000)	(2,379,000)
4	Total Operating Revenues	106,617,828	103,182,648	117,143,380
Operating Expenses				
5	Operating & Maintenance Expenses	82,372,798	83,348,880	90,801,009
6	Depreciation & Allowances Expenses (non-cash)	15,957,000	15,957,000	18,932,000
7	OPEB Liability (non-cash)	3,333,333	3,333,333	3,666,667
8	Total Operating Expenses	101,663,132	102,639,213	113,399,676
9	Net Operating Income	4,954,696	543,435	3,743,704
Non-Operating Revenues				
10	Tax Revenues	—	—	—
11	Interest Income	764,213	—	526,861
12	Other Non-Operating Revenues	822,605	1,249,075	2,500,984
13	FEMA Expense Reimbursement	1,646,300	1,356,924	756,943
14	Total Non-Operating Revenues	3,233,119	2,605,999	3,784,788
Non-Operating Expenses				
15	Interest Expense - Series 2011 Bonds	—	—	—
16	Interest Expense - Series 2014 Bonds	5,033,000	4,900,000	4,760,000
17	Interest Expense - Series 2015 Bonds	4,940,550	4,919,550	4,888,550
18	Go Zone Interest Expense	—	—	—
19	Capitalized Interest	(9,973,550)	(9,819,550)	(9,648,550)
20	Total Non-Operating Expenses	—	—	—
21	Net Income	8,187,815	3,149,434	7,528,492

ADOPTED 2020 OPERATING & CAPITAL BUDGETS

EXPENDITURES BY SYSTEM

WATER SYSTEM OPERATING REVENUES

LINE NO	ACCT	DESCRIPTION	2018 BUDGET	2019 BUDGET	2020 WATER
Water Sales					
1	4001	Residential Sales	\$53,099,800	\$53,002,900	\$62,240,400
2	4004	Residential Multi-Family Sales	5,399,499	5,119,800	5,807,400
3	4007	Commercial Sales	43,933,316	44,475,500	49,338,300
4	4010	Industrial Sales	1,374,871	276,300	256,400
5	4028	Sewer Allowance	2,626	1,994	2,138
6	4012	Delinquent Fee - Water	1,438,616	1,516,107	1,307,747
		Total Water Sales	105,248,728	104,392,601	118,952,385
7		Adjustment for Uncollectible Accounts	(2,104,975)	(1,775,000)	(2,379,000)
		Total Adj. for Uncollectible Accounts	(2,104,975)	(1,775,000)	(2,379,000)
Revenue Sharing					
8	4019	State Revenue Sharing	—	193,327	259,591
9		Total Revenue Sharing	—	193,327	259,591
Plumbing Inspection and License Fees					
10	4022	Plumbing Inspection Fees	299,729	299,544	294,068
11	4025	Plumbing License Fees	19,265	19,143	16,336
12		Total Plumbing Fees	318,994	318,687	310,404
Miscellaneous Revenues					
13		Other Revenue	3,155,081	53,033	—
14		Interest from Bond Reserve Fund	—	—	—
15		Total Miscellaneous Revenues	3,155,081	53,033	—
16		Total Water Other Operating Revenues	3,474,075	565,047	569,995
17		Total Water System Operating Revenues	106,617,828	103,182,648	117,143,380

EXPENDITURES BY SYSTEM

WATER SYSTEM NON-OPERATING REVENUES

LINE NO	ACCT	DESCRIPTION	2018 BUDGET	2019 BUDGET	2020 BUDGET
Interest Income					
1	7001	Interest	—	—	
2	7005	Excess Reser. Fund Interest	\$63,143	—	—
2	7009	Interest WRB	565,258	—	\$311,696
3	7010	Restricted Int. WRB	7,239	—	—
4	7011	Interest income (LGIP)	21,731	—	41,664
5	7015	Interest Income Bond Premium	—	—	—
6	7041	Interest Customer Deposits LGIP	27,324	—	52,388
7	7047	Interest Income Customer DP MM	69,805	—	100,843
8	7050	Interest Income Health Reserve	9,712	—	20,271
9	7052	Interest Income Water Sys MM	—	—	—
10		Total Interest Income	764,213	—	526,861
Other Income					
11	7101	NSF Fees	65,127	\$45,210	63,450
12	4019	Non-Operating Revenues	143,774	—	—
13	7105	Reconnect/Reset Fees	261,645	95,979	732,852
14	7205	Rental Income/Property	53,601	61,697	61,000
15	7501	Gain/Loss	—	—	—
16	7506	Damage/NE	13,311	68,838	573,166
17	7509	Delinquent Account Charge	—	140	—
18	7514	Sales of Plans & Specs	—	—	—
19	7521	Reimb Printing/Copies Charges	2,270	6,746	2,211
20	7525	Transfer from Revolving Fund	23,818	—	—
21	7527	Admin Fees/FEMA	25,286	—	14,280
22	7528	State Vend Comp Sales Tax	—	873,786	978,097
23	7531	State Vend Comp Sales Tax	—	—	—
24	7534	Manage Competition RFP Fee	—	—	—
25	7537	Vendor Compensation Sales Tax	30,417	6,924	22,305
26	7539	Retiree Drug Subsidy	122,126	2,141	—
27	7550	S&WB Logo	3,838	218	1,023
28	7565	Legal Settlement	5,211	1,511	15,889
29	7590	Citation Administration Fees	17,395	3,637	14,765
30	7592	Vehicle Usage	26,578	10,812	19,411
31	7594	O & M Contrib. from Fema - Point Repairs	—	—	—
32	7995	Life Insurance Employees	—	12,578	1,030
33	7997	Travel Reimbursement	499	1,747	974
34	7999	Blue Cross Reimb/Transfer	27,710	57,112	530
35		Total Other Income	822,605	1,249,075	2,500,984
Reimbursements					
36	7585	FEMA Expen. Reimb./Misc Rev. Other	1,646,300.25	1,356,924.00	756,943.00
37		Total Reimbursements	1,646,300.25	1,356,924.00	756,943.00
38		Total Water Non-Operating Revenues	3,233,118.59	2,605,999.00	3,784,788.13

ADOPTED 2020 OPERATING & CAPITAL BUDGETS

EXPENDITURES BY SYSTEM

SEWER | COMPARISON 2018 BUDGET, 2019 BUDGET, 2020 BUDGET

LINE NO	DESCRIPTION	2018 BUDGET	2019 BUDGET	2020 SEWER
Operating Revenues				
1	Revenues from Charges	\$129,335,888	\$127,765,847	\$148,910,517
2	Other Operating Revenues	923,402	526,988	634,837
3	Adjustment for Uncollectible Accounts	(2,586,718)	(2,172,000)	(2,978,000)
4	Total Operating Revenues	127,672,572	126,120,835	146,567,354
Operating Expenses				
5	Operating & Maintenance Expenses	86,996,960	92,279,316	103,653,966
6	Depreciation & Allowances Expenses (non- cash)	22,360,000	22,360,000	27,125,000
7	OPEB Liability (non-cash)	3,333,333	3,333,333	3,666,667
8	Total Operating Expenses	112,690,293	117,972,649	134,445,633
9	Net Operating Income	14,982,279	8,148,186	12,121,721
Non-Operating Revenues (Expenses)				
10	Tax Revenues	—	—	—
11	Interest Income	466,420	—	468,683
12	Other Non-Operating Revenues	921,843	512,545	873,669
13	FEMA Expense Reimbursement	1,646,300	2,261,541	1,261,571
14	Total Non-Operating Revenues	3,034,563	2,774,086	2,603,923
Non-Operating Expenses				
15	Interest Expense - Series 2011 Bonds	65,607	61,513	57,380
16	Interest Expense - Series 2014 Bonds	5,717,450	5,142,450	4,574,075
17	Interest Expense - Series 2015 Bonds	5,000,000	5,000,000	5,000,000
18	LADEQ Loan	—	—	—
19	Go Zone Interest Expense	—	—	—
20	Capitalized Interest	(10,717,450)	(10,203,963)	(9,631,455)
21	Total Non-Operating Expenses	65,607	—	—
22	Net Income	17,951,235	10,922,272	14,725,644

ADOPTED 2020 OPERATING & CAPITAL BUDGETS

EXPENDITURES BY SYSTEM

SEWER SYSTEM OPERATING REVENUES

LINE NO	ACCT	DESCRIPTION	2018 BUDGET	2019 BUDGET	2020 SEWER
Sewerage Sales					
1	4002	Residential Sales	\$71,718,866	\$70,220,900	\$80,397,700
2	4005	Residential Multi-Family Sales	6,173,057	6,059,300	7,134,200
3	4008	Commercial Sales	48,866,708	49,253,900	59,575,600
4	4011	Industrial Sales	581,217	704,200	526,000
5	4028	Sewer Allowance	2,988	1,919	2,075
6	4132	Excess Strength Charge	833,357	—	—
7	4013	Delinquent Fee Sewer	1,159,694	1,525,628	1,274,942
8		Total Sewer Sales	129,335,888	127,765,847	148,910,517
9		Adjustment for Uncollectible Accounts	(2,586,718)	(2,172,000)	(2,978,000)
10		Total Adj. for Uncollectible Accounts	(2,586,718)	(2,172,000)	(2,978,000)
Revenue Sharing					
11		State Revenue Sharing	—	241,116	323,759
12		Total State Revenue Sharing Fees	—	241,116	323,759
Plumbing Inspection and License Fees					
13	4022	Plumbing Inspection Fees	326,081	271,114	293,892
14	4025	Plumbing License Fees	13,505	14,758	17,186
15		Total Plumbing Fees	339,586	285,872	311,078
Other Revenues					
16		Other Revenues	597,321	—	—
17		Total Other Revenues	597,321	—	—
18		Total Sewerage Other Operating Revenues	936,907	526,988	634,837
19		Total Sewerage Operating Revenues	127,686,077	126,120,835	146,567,354

ADOPTED 2020 OPERATING & CAPITAL BUDGETS

EXPENDITURES BY SYSTEM

SEWER SYSTEM NON-OPERATING REVENUES

LINE NO	ACCT	DESCRIPTION	2018 BUDGET	2019 BUDGET	2020 BUDGET
Interest Income					
1	7001	Interest Income	\$242	—	—
2	7005	Excess Reserve Fund Interest	95,617	—	\$418,309
3	7011	Interest Income LGIP	479	—	919
4	7015	Interest Income Bond Premium	—	—	—
5	7017	Interest SSRB New	188,968	—	32
6	7019	Restricted Int SSRB	21,334	—	—
7	7023	Restricted Int DEQ	1,792	—	7,441
8	7048	Interest Income Sewer Sys MM	150,224	—	25,779
9	7050	Interest Income Health Reserve	7,764	—	16,203
10		Total Interest Income	466,420	—	468,683
Other Income					
11	7101	NSF Fees	—	—	—
12	4019	Non-Operating Revenues	179,314	—	—
13	7105	Reconnect/Reset Fees	261,645	—	—
14	7205	Rental Income Property	8,302	—	23,711
15	7506	Reimbursement Damage/Networks	—	—	—
16	7525	Transfer from Revolving Fund	—	—	—
17	7527	Administrative Fees	5,463	—	33,900
18	7539	Retiree Drug Subsidy	122,126	—	—
19	7545	Waste Disposal Fees	315,768	\$404,766	716,447
20	7546	Grease Trap Permit Fees	—	76,080	72,730
21	7590	Citation Admin Fees	6,683	547	400
22	7592	Vehicle Usage	22,543	15,743	25,391
23	7995	Life Insurance Employees	—	15,409	1,090
24		Total Other Income	921,844	512,545	873,669
Reimbursements					
25	7585	FEMA Expense Reimbursement	1,646,300	2,261,541	1,261,571
26		Total Reimbursement	1,646,300	2,261,541	1,261,571
27		Total Sewerage Non-Operating Revenues	3,034,564	2,774,086	2,603,923

EXPENDITURES BY SYSTEM

DRAINAGE | COMPARISON 2018 BUDGET, 2019 BUDGET, 2020 BUDGET

LINE NO	DESCRIPTION	2018 BUDGET	2019 BUDGET	2020 DRAINAGE
Operating Revenues				
1	Revenues from Charges	—	—	—
2	Other Operating Revenues	—	—	—
3	Total Operating Revenues	—	—	—
Operating Expenses				
4	Operating & Maintenance Expenses	\$47,974,722	\$56,140,649	\$46,512,609
5	Depreciation & Allowances Expenses (non-cash)	21,550,000	21,550,000	22,950,000
6	OPEB Liability (non-cash)	3,333,333	3,333,333	3,666,667
7	Total Operating Expenses	72,858,055	81,023,982	73,129,275
8	Net Operating Income	(72,858,055)	(81,023,982)	(73,129,275)
Non-Operating Revenues (Expenses)				
9	Tax Revenues	53,966,337	60,354,046	65,549,588
10	Interest Income	154,347	—	504,031
11	Other Non-Operating Revenues	1,321,260	19,924	512,948
12	FEMA Expense Reimbursement	—	904,616	504,628
13	FEMA Force Accounts Reimbursement	—	—	—
14	Total Non-Operating Revenues	55,441,944	61,278,586	67,071,195
Non-Operating Expenses				
15	Interest Expense - Series 2011 Bonds	—	—	—
16	Interest Expense - Series 2014 Bonds	283,350	213,550	140,950
17	Interest Expense - Series 2015 Bonds	—	—	—
18	Go Zone Interest Expense	—	—	—
19	Capitalized Interest	(283,350)	(213,550)	(140,950)
20	Total Non-Operating Expenses	—	—	—
21	Net Income	(17,416,111)	(19,745,396)	(6,058,081)

ADOPTED 2020 OPERATING & CAPITAL BUDGETS

EXPENDITURES BY SYSTEM

DRAINAGE SYSTEM NON-OPERATING REVENUES

LINE NO	ACCT	DESCRIPTION	2018 BUDGET	2019 BUDGET	2020 BUDGET
Ad Valorem Taxes					
1	4130	9 Mill Tax	\$23,475,190	\$26,253,824	\$28,513,869
2	4310	3 Mill Tax	14,829,936	17,514,945	18,013,011
3	4320	6 Mill Tax	15,661,211	16,585,277	19,022,708
4		Total Ad Valorem Tax	53,966,337	60,354,046	65,549,588
Interest Income					
5	7001	Interest	—	—	—
6	7015	Interest Income Bond Premium	—	—	—
7	7020	Restricted Int SELA	19,585	—	351,969
8	7025	Interest Drainage O&M	26,165	—	—
9	7029	Interest Drainage System 3 Mill	—	—	17,160
10	7033	Interest Drainage System 6 Mill	52,165	—	52,472
11	7037	Interest Drainage System 9 Mill	38,445	—	66,238
12	7045	Interest Income DOM MM	10,229	—	—
13	7050	Interest Income Health Reserve	7,759	—	16,193
14		Total Interest Income	154,348	—	504,031
Other Income					
15	7205	Rental Income/Property	3,325	3,048	2,286
16	7401	Two Mill (3.65) Tax	2,530	275	35
17	7501	Other Income	—	—	—
18	7504	Reimbursement DPS # 6 & 11	1,163,245	—	490,272
19	7525	Tran Revo	—	—	—
20	7527	Administrative Fees	8,965	—	4,833
21	7539	Retiree Drug Subsidy	122,126	—	—
22	7545	Waste Disposal Fees	—	—	—
23	7565	Legal Settlement	—	—	—
24	7590	Citation Admin Fees	2,971	273	200
25	7592	Vehicle Usage	18,098	8,453	14,815
26	7995	Life Insurance Employer	—	7,875	507
27	9006	Fair Share	—	—	—
28		Total Other Income	1,321,260	19,924	512,948
Reimbursements					
29	7585	FEMA Expense Reimbursement	—	904,616	504,628
30		Total Reimbursement	—	904,616	504,628
31		Total Drainage Other Operating Revenues	1,475,608	924,540	1,521,607
32		Total Drainage Non-Operating Revenues	55,441,945	61,278,586	67,071,195



GLOSSARY

Sewerage & Water Board of New Orleans

Accrual Accounting

An accounting method that records revenues and expenses when they are incurred, regardless of when cash is exchanged. The term "accrual" refers to any individual entry recording revenue or expense in the absence of a cash transaction.

Accrued Liability

An entity's obligation to pay for goods and services that have been provided for which invoices have not yet been received.

Ad Valorem Tax

A tax based on the assessed value of an item, such as real estate or personal property.

Allocable Cost

A cost is allocable to a project if goods or services involved are chargeable or assignable in accordance with the relative benefits received by the projects.

Annualization

A predictive tool that estimates the amount or rate of something for an entire year, based on data from part of a year.

Board of Liquidation City Debt

Has the power to issue bonds in any manner permitted by state or municipal law and the City Charter and to manage its affairs, under the City Charter on behalf of the City of New Orleans, in accordance with the provisions of applicable state or municipal law.

Budget Variance Report

A financial performance report that presents the difference between the budgeted or baseline amount of expense or revenue and the actual amount. The budget variance is favorable when the actual revenue is higher than the budget or when the actual expense is less than the budget.

Capital budget

The planning process used to determine whether an organization's long-term investments such as new machinery, replacement of machinery, new plants, new products, and research development projects are worth the funding of cash through the firm's capitalization structure.

Chart of Accounts

A listing of all accounts used in the general ledger of an organization.

Comprehensive Annual Financial Report

A set of U.S. government financial statements comprising the financial report of a state, municipal or other governmental entity that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB).

Debt Service Coverage Ratio

A measurement of the cash flow available to pay current debt obligations. Debt Service Coverage will be calculated in accordance with SWBNO's Indenture.

Fiscal Year

A one-year period that companies and governments use for financial reporting and budgeting.

Government Account Standards Board (GASB)

The source of generally accepted accounting principles used by state and local governments in the United States.

Master Indenture of Trust

Also known as "Indenture", a governing agreement in a bond contract between a bond issuer and a trustee that represents the bondholders' interest by outlining the borrowing mechanics and covenants that affect every obligated group member on all debt financing.

GLOSSARY

Millage Rate

The property tax rate payable in New Orleans, Louisiana for each \$1,000 of assessed value of a property. The rate is calculated by dividing the property value by 1,000 and then multiplying the result by the millage rate.

National Association of Regulatory Utility Commissioners

The national association representing the state public service commissioners who regulate essential utility services, including energy, telecommunications, and water.

Non-Operating Revenues

Value of the revenue that is derived from activities not related to the organization's core operations during the reporting period.

Operating Budget

An operating budget is the annual budget of an activity stated in terms of Budget Classification Code, functional/sub functional categories and cost accounts. It contains estimates of the total value of resources required for the performance of the operation including reimbursable work or services for others.

Operating Cash Reserve Calculation

The annual operating cash reserve amount will be calculated based upon the requirements contained with the SWBNO Indenture, excluding any debt service reserve funds. While the reserve goal is 180 days of cash on hand for all systems, the Indenture requirement is 90 days for both the water and sewer systems and there is no Indenture cash reserve requirement for the drainage system.

Statement of Cash Flows

A financial statement that summarizes the amount of cash and cash equivalents entering and leaving an entity.

Statement of Changes in Net Assets

Details the change between the current and prior period for net asset balances.

Statement of Revenues and Expenses

Also known as the profit and loss statement, this financial statement primarily focuses on company's revenues and expenses during a particular period.

Straight Line Depreciation

The process of expensing an asset over a longer period of time. It is calculated by dividing the difference between an asset's cost and its expected salvage value by the number of years it is expected to be used.

SWBNO

Sewerage and Water Board of New Orleans





APPENDIX A

Sewerage & Water Board of New Orleans

Financial Policy

POLICY SUMMARY

This Finance Policy sets forth the financial management practices of the Sewerage & Water Board of New Orleans (SWBNO). It has been developed in alignment with best practices, and to promote financial resiliency and continuity. The financial policy of SWBNO provides a framework within which staff can operate to realize the agency's strategic intent, promote long-term thinking while still enhance innovation and adoption of public financial management best practices. Accordingly, the SWBNO will:

- Work to achieve financial stability through a standardized set of practices and procedures
- Maintain operating cash reserves goals equivalent to a target of 180 days of prior year audit operations and maintenance costs but no less than the reserve requirements contained in SWBNO's general bond resolutions
- Maintain senior debt service coverage of 125 percent
- Obtain the highest possible investment grade bond rates to ensure the lowest practical cost of debt necessary to finance SWBNO's long-term capital program
- Create and update annually a ten-year financial plan for approval of the Board of Directors
- Develop a sound investment policy.

DEFINITIONS

Accrued Liability

An entity's obligation to pay for goods and services that have been provided for which invoices have not yet been received.

Allocable Cost

A cost is allocable to a project if goods or services involved are chargeable or assignable in accordance with the relative benefits received by the projects.

Board of Liquidation City Debt

Has the power to administer the issuance of bonds by the SWBNO in any manner permitted by state or municipal law and the City Charter and to manage its affairs, under the City Charter on behalf of the City of New Orleans, in accordance with the provisions of applicable state or municipal law.

Budget Variance Report

A financial performance report that presents the difference between the budgeted or baseline amount of expense or revenue and the actual amount. The budget variance is favorable when the actual revenue is higher than the budget or when the actual expense is less than the budget.

Capital Budget

The planning and prioritization process used to identify the financing strategy for the SWBNO's long term capital investments such as new machinery, replacement of machinery, new plants, new products, and research development projects.

APPENDIX A

Chart of Accounts

A listing of all accounts used in the general ledger.

Comprehensive Annual Financial Report

A set of U.S. government financial statements comprising the financial report of a state, municipal or other governmental entity that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB).

Debt Service Coverage Ratio

A measurement of the cash flow available to pay current debt obligations. Debt Service Coverage will be calculated in accordance with SWBNO's General Bond Resolution.

Government Finance Officers Association (GFOA)

GFOA recommends all entities identify, track and communicate performance measures to monitor financial and budgetary status, service delivery, program outcomes and community conditions.

Government Account Standards Board (GASB)

The source of generally accepted accounting principles used by state and local governments in the United States.

Millage Rate

The property tax rate payable in New Orleans, Louisiana for each \$1,000 of assessed value of a property. The rate is calculated by dividing the property value by 1,000 and then multiplying the result by the millage rate.

National Association of Regulatory Utility Commissioners

The national association representing the state public service commissioners who regulate essential utility services, including energy, telecommunications, and water.

Operating Budget

An operating budget is the annual budget of an activity stated in terms of Budget Classification Code, functional/subfunctional categories and cost accounts. It contains estimates of the total value of resources required for the performance of the operation including reimbursable work or services for others.

Operating Cash Reserve Calculation

The annual operating cash reserve amount will be calculated based upon the requirements contained with the SWBNO General Bond Resolution, excluding any debt service reserve funds. While the reserve goal is 180 days of cash on hand for all systems, the General Bond Resolution requirement is 90 days for each of the water and sewer systems. There is no liquidity requirement in the current Resolution for the drainage system.

Statement of Cash Flows

A financial statement that summarizes the amount of cash and cash equivalents entering and leaving an entity.

Statement of Changes in Net Assets

Details the change between the current and prior period for net asset balances.

Statement of Revenues and Expenses

Also known as the profit and loss statement, this financial statement primarily focuses on company's revenues and expenses during a particular period.

Straight Line Depreciation

An alternative of expensing an asset over a longer period of time. It is calculated by dividing the difference between an asset's cost and its expected salvage value by the number of years by the asset's useful life.

APPENDIX A

POLICY

Financial Planning

The SWBNO will develop and update annually a ten-year financial plan that identifies the financial resources needed to achieve the objectives of the strategic plan; identify options for creation of resources; identify shortages between what is needed and what may be funded; and, describe the consequences of under-funding. This financial plan will be based on the following principles:

- The capital requirements for the financial plan will be based on management's understanding of all facilities that will be needed during the ten-year planning horizon.
- The SWBNO will endeavor to provide a reasonable balance between operational objectives and risks with ratepayer impacts.
- The financial plans will identify reasonable assumptions for changes in revenues and expenses.
- The financial plan will project revenues, expenses, and assets for the next ten years in detail adequate to compute standard financial ratios for liquidity, efficiency, and debt service coverage.
- The financial plan will identify the amounts and timing of contemplated rate increases, millage increases, and debt issues.
- The financial plan will be reviewed annually and updated when conditions materially change.
- The financial plan will be reviewed by an outside expert for completeness and reasonableness at least once every five years.

The SWBNO will develop and implement a plan and policy for the establishment of revenue rates and fees and coordinate with the City and the Board of Liquidation City Debt to implement such policy.

Financial Budgeting

The SWBNO will prepare annual operating budgets and capital budgets for the water, sewer and drainage systems that align the financial resources to achieve the objectives of the upcoming year's plans, clearly identifying all revenue requirements, planned sources of funds, and financial performance metrics.

The budget documents will be consistent with the long-term financial plans and likewise will be based on reasonable assumptions for changes in revenues and expenses. The document will be published annually in a format that meets the criteria for the Distinguished Budget Presentation Award Program established by the Government Finance Officers Association

Financial Accounting

The SWBNO will use a chart of accounts consisting of object codes, organization codes and activity codes that is compatible with the Uniform System of Accounts for Class A Water Utilities published by the National Association of Regulatory Utility Commissioners. Management will ensure the reasonableness of estimates and assumptions that affect the reported amounts of assets and liabilities.

Investments will be reported at fair value at year-end. Gains or losses on dispositions will be determined using the specific identification method. Materials and supplies inventories will be stated at the lower of average cost or market at the end of each fiscal year.

Property, plant and equipment are carried at historical cost. The Board will capitalize moveable equipment with a value of \$10,000 or greater, as well as stationary, network and other equipment with a value of \$5,000 or greater and all real estate. The cost of additions to capital includes contracted work, direct labor, materials, and allocable cost. Contributed capital assets will be recorded at their estimated fair value at the date of donation. The Board will apply the straight-line method of

APPENDIX A

depreciation to the estimated useful lives of the various classes of depreciable property or as required by the accounting standards applied by the auditors.

Annual pension contribution costs will be approved by the Board of Directors within the annual budget process based upon recommended actuarially computed contributions using the entry age normal cost method.

The accrued liability for various types of claims will be based upon an estimate by management of the eventual loss on the claims arising prior to year-end, including claims not yet reported as well as estimates of both future payments of losses and related claims adjustment and expense. Estimated expenses and recoveries will be based upon a case-by-case review.

SWBNO will create and maintain an accounting manual to provide guidance for all SWBNO personnel.

Financial Reporting

The SWBNO will prepare an audited Statement of Revenues, Expenses, and Changes in Net Assets, a Statement of Net Assets, and a Statement of Cash Flows on an annual basis for the water, sewerage, and drainage systems. Quarterly, unaudited financial statements will be produced for review by the Board of Directors as well as to support any financial planning or debt issuance activities.

The financial statements will be prepared in accordance with accounting principles generally accepted in the United States of America and in line with guidance established by the Governmental Accounting Standards Board. Any variations adopted will be identified within the annual audit.

The financial statements will be prepared on the accrual basis of accounting. SWBNO will publish annual audited financial statements in a Comprehensive Annual Financial Report that meet criteria for excellence established by the Government Finance Officers Association. The report will include a discussion of the Board's activities by the Executive

Director. The report will also include management's discussion and analysis of the financial results, as well as any other supplemental information needed to ensure understanding by the reader of the financial report. The report will include footnotes that describe the accounting policies and practices.

The Board will review monthly financial reports that include budget to actual comparisons (excluding non-cash items) by system type and a cashflow report. These reports will be distributed on a timely basis with management comments discussing and analyzing the results. The reporting will compare current period results with previous period results as well as budgeted results. Unusual or one-time revenues and expenses will be clearly identified and explained. These reports are not financial statements, but may reflect certain information included in financial statements.

The Board will prepare its financial reports as a Business Type Activity.

RESPONSIBILITIES

The Budget Manager is responsible for Financial Planning and Budgeting, subject to the approval of the Executive Director and the Board of Directors

The Controller is responsible for Financial Accounting and timely and accurate Reporting.

The Treasurer is responsible for cashflow reporting and investment management.

The Executive Director will identify to the Board of Directors any and all occasions when SWBNO is not in compliance with this policy and will develop and present a plan to the Board of Directors within sixty days to restore full compliance within one year.

The Board of Directors will promptly notify the Board of Liquidation City Debt of any changes to this policy.

The Chief Financial Officer (CFO) shall review this policy no less than every five (5) years.



APPENDIX B

Sewerage & Water Board of New Orleans

R-165-2019

ROLL BACK OF SEWERAGE AND WATER BOARD MILLAGES

WHEREAS, the Council of the City of New Orleans is required by the provisions of Article VII, Section 23 of the Louisiana Constitution to adjust the millage for certain tax recipient bodies within the Parish of Orleans and to levy Ad Valorem taxes on behalf of itself or such other tax recipient bodies in the Parish of Orleans; and

WHEREAS, the quadrennial reassessment has been done and because the total value of property for 2020 is greater than the value for 2019 the Louisiana Constitution mandates a millage adjustment for 2020 to obtain the same revenue as in 2019:

NOW, THEREFORE, BE IT RESOLVED by the Sewerage and Water Board of New Orleans that it hereby requests the Council of the City of New Orleans to set its Ad Valorem tax millage as follows for 2020:

1. Three Mill Tax (Adjusted) - LA Revised Statute 33:4124
For the operation and maintenance of the drainage system of the City of New Orleans and for the construction and extension of said drainage systems, excluding subsurface drainage systems and their appurtenances: adjust from 4.46 mills to 4.08 mills; and
2. Six Mill Tax (Adjusted) - LA Revised Statute 33:4137
For the operation and maintenance of the drainage system of the City of New Orleans, and for the construction and extension of said drainage systems, excluding subsurface drainage systems and their appurtenances: adjust from 4.71 mills to 4.31 mills; and
3. Nine Mill Tax (Adjusted) - LA Revised Statute 33:4147
For the operation and maintenance of the drainage system of the City of New Orleans, and for the construction and extension of said drainage systems, excluding subsurface drainage systems and their appurtenances: adjust from 7.06 mills to 6.45 mills.

BE IT FURTHER RESOLVED by the Sewerage and Water Board of New Orleans that if the Louisiana Legislative Auditor, in the performance of its duties set forth in Article VII, Section 23 of the Louisiana Constitution of 1974, as amended, calculates the adjusted millages to be different than those set forth in the foregoing sections, then the adjusted millages set forth in the foregoing sections shall be automatically amended to equal those calculated by the Louisiana Legislative Auditor.

I, Ghassan Korban, Executive Director,
Sewerage and Water Board of New Orleans, do
hereby certify that the above and foregoing
is a true and correct copy of a resolution
adopted at a Regular Monthly Meeting of
said Board, duly called and held, according
to law on October 16, 2019.

**GHASSAN KORBAN
EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS**



APPENDIX C

Sewerage & Water Board of New Orleans

R-166-2019

ROLL FORWARD OF SEWERAGE AND WATER BOARD MILLAGES

WHEREAS, Article VII, Section 23 (C) of the Louisiana constitution authorizes increases in the Millage rate after reassessment but not in excess of the prior year's maximum authorized Millage rate, and only after a public hearing is held and call for that purpose, and only if approved by a two-third (2/3) majority vote of the tax recipient body; and

WHEREAS, the public hearing was held on October 16, 2019; and

WHEREAS, the Sewerage and Water Board has previously requested that the Council of the City of New Orleans to roll back the Millage rate for Ad Valorem taxes on behalf of itself to obtain the same revenue as in 2019; and

WHEREAS, the Sewerage and Water Board of New Orleans does desire to increase its millage for 2020 back to the same millage rates as were in effect in 2019, as allowed by law;

NOW, THEREFORE, BE IT RESOLVED by the Sewerage and Water Board of New Orleans that it hereby requests the Council of the City of New Orleans to set its Ad Valorem tax millage as follows for 2020:

1. Three Mill Tax (Adjusted) - LA Revised Statute 33:4124
For the operation and maintenance of the drainage system of the City of New Orleans and for the construction and extension of said drainage systems, excluding subsurface drainage systems and their appurtenances: adjust from 4.08 mills to 4.46 mills; and
2. Six Mill Tax (Adjusted) - LA Revised Statute 33:4137
For the operation and maintenance of the drainage system of the City of New Orleans and for the construction and extension of said drainage systems, excluding subsurface drainage systems and their appurtenances: adjust from 4.31 mills to 4.71 mills; and
3. Nine Mill Tax (Adjusted) - LA Revised Statute 33:4147
For the operation and maintenance of the drainage system of the City of New Orleans, and for the construction and extension of said drainage systems, excluding subsurface drainage systems and their appurtenances: adjust from 6.45 to 7.06 mills.

I, Ghassan Korban, Executive Director,
Sewerage and Water Board of New Orleans, do
hereby certify that the above and foregoing
is a true and correct copy of a resolution
adopted at a Regular Monthly Meeting of
said Board, duly called and held, according
to law on October 16, 2019.


GHASSAN KORBAN
EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS



APPENDIX D

Sewerage & Water Board of New Orleans

R-118-2015

SEWERAGE AND WATER BOARD OF NEW ORLEANS

PRELIMINARY APPROVAL FOR 2015 WATER SYSTEM BONDS

The following resolution was offered by _____ and seconded by _____:

RESOLUTION

A resolution giving preliminary approval to the issuance of not exceeding One Hundred Million Dollars (\$100,000,000) Water Service Revenue Bonds of the City of New Orleans, Louisiana; making application to the State Bond Commission for approval of said Bonds; authorizing the reimbursement of expenditures from proceeds of any such bonds; and providing for other matters in connection therewith.

WHEREAS, the Sewerage and Water Board of New Orleans (the "Sewerage and Water Board") is authorized to issue in the name of the City of New Orleans, Louisiana (the "City"), bonds payable solely out of the revenues derived from water service charges for purposes relating to the water system of the Board and the City, pursuant to the provisions of Section 4121 of Title 33 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority (the "Act"); and

WHEREAS, the Sewerage and Water Board has heretofore adopted a General Water Service Revenue Bond Resolution on May 21, 2014 (the "General Bond Resolution"), authorizing the issuance from time to time of Water Service Revenue Bonds of the City, as supplemented by the First Supplemental Water Service Revenue Bond Resolution; and

WHEREAS, all Water Service Revenue Bonds of the City are administered by the Board of Liquidation, City Debt; and

WHEREAS, the Sewerage and Water Board desires to authorize the issuance of Water Service Revenue Bonds to finance the Cost of Capital Improvements (as defined in the General Bond Resolution); and

WHEREAS, prior to the issuance of the Bonds, the Sewerage and Water Board intends to expend its own funds on projects for the water system of the City, and reasonably expects to reimburse said expenditures from the proceeds of the bonds in an amount not exceeding \$100,000,000; and

SECTION 1. Preliminary Approval of Bonds. Pursuant to the provisions of Section 4121 of Title 33 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority (the "Act"), preliminary approval is given to the issuance of not exceeding One Hundred Million Dollars (\$100,000,000) of Water Service Revenue Bonds (the

APPENDIX D

"Bonds") of the City of New Orleans, Louisiana (the " Bonds"), to be issued for the purpose of paying a portion of the Cost of Capital Improvements (as defined in the General Bond Resolution), funding a debt service reserve fund, if required, and paying the costs of issuance associated therewith. The Bonds shall be issued in one or more series, shall bear interest at a rate or rates not to exceed seven percent (7.0%) per annum, to be determined by subsequent resolution of the Board of Liquidation at the time of the sale of the Bonds, and shall mature no later than thirty (30) years from the date thereof. The Water Service Revenue Bonds shall be issued in fully registered form, shall be sold to the purchasers thereof at a price of not less than ninety-eight percent (98%) of par, plus accrued interest, and shall have such additional terms and provisions as may be determined by the Sewerage and Water Board and the Board of Liquidation at the time of issuance and sale of the Water Service Revenue Bonds. As provided in the Act, the Bonds are to be payable out of revenues derived from water service charges for purposes related to the sewerage system of the City, after provision has been made for the payment from said revenues of the costs of operating and maintaining the water system.

SECTION 2. State Bond Commission. Application is hereby made to the State Bond Commission, Baton Rouge, Louisiana, for approval of the issuance and sale of the Bonds, and co-bond counsel are directed to make application to the State Bond Commission in accordance with the foregoing on behalf of the Sewerage and Water Board.

By virtue of the Sewerage and Water Board's application for, acceptance and utilization of the benefits of the State Bond Commission's approval requested herein, the Sewerage and Water Board understands and agrees that such approval is expressly conditioned upon, and further understands, agrees and binds itself, its successors and assigns, to full and continuing compliance with the "State Bond Commission Policy on Approval of Proposed Use of Swaps, or other forms of Derivative Products, Hedges, Etc.," adopted by the Commission on July 20, 2006, as to the borrowing and other matters subject to the approval, including subsequent application and approval under said Policy of the implementation or use of any swaps or other products or enhancements covered thereby.

SECTION 3. Intent to Reimburse. Prior to the issuance of the Bonds, the Sewerage and Water Board will expend its own funds on projects for the water System of the City. Upon issuance of the Bonds, the Sewerage and Water Board reasonably expects to reimburse itself for said expenditures from the proceeds of the Bonds. Any such allocation of the proceeds of the Bonds will be with respect to capital expenditures [as defined in Treasury Regulation 1.150-1(h)] and will be made upon the delivery of the Bonds and in accordance with said Regulation. This resolution is intended to be a declaration of intent to reimburse in accordance with the provisions of Treasury Regulation 1.150-2.

This resolution having been submitted to a vote, the vote thereon was as follows:

APPENDIX D

Member	Yea	Nay	Absent	Abstaining
Suchitra Satpathi (for Mitchell J. Landrieu)	_____	_____	_____	_____
William Raymond Manning	_____	_____	_____	_____
Marion B. Bracy	_____	_____	_____	_____
Kerri T. Kane	_____	_____	_____	_____
Mark M. Moody	_____	_____	_____	_____
Scott Jacobs	_____	_____	_____	_____
Robin Barnes	_____	_____	_____	_____
Tamika Duplessis, Ph.D.	_____	_____	_____	_____
Kimberly Thomas, JD	_____	_____	_____	_____
Joseph Peychaud	_____	_____	_____	_____
Alan C. Arnold	_____	_____	_____	_____

And the resolution was declared adopted on this ____ day of _____, 2015.

 I, Cedric S. Grant, Executive Director,
 Sewerage and Water Board of New Orleans, do hereby
 certify that the above and foregoing is a true and
 correct copy of a Resolution adopted at the Regular
 Monthly Meeting of said Board, duly called and held,
 according to law, on _____, 2015.



CEDRIC S. GRANT, EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS



APPENDIX E

Sewerage & Water Board of New Orleans

R-119-2015

SEWERAGE AND WATER BOARD OF NEW ORLEANS

PRELIMINARY APPROVAL FOR 2015 SEWERAGE SYSTEM BONDS

The following resolution was offered by _____ and seconded by _____:

RESOLUTION

A resolution giving preliminary approval to the issuance of not exceeding One Hundred Million Dollars (\$100,000,000) Sewerage Service Revenue Bonds of the City of New Orleans, Louisiana; making application to the State Bond Commission for approval of said Bonds; authorizing the reimbursement of expenditures from proceeds of any such bonds; and providing for other matters in connection therewith.

WHEREAS, the Sewerage and Water Board of New Orleans (the "Sewerage and Water Board") is authorized to issue in the name of the City of New Orleans, Louisiana (the "City"), bonds payable solely out of the revenues derived from sewerage service charges for purposes relating to the sewerage system of the Board and the City, pursuant to the provisions of Section 4121 of Title 33 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority (the "Act"); and

WHEREAS, the Sewerage and Water Board has heretofore adopted a General Sewerage Service Revenue Bond Resolution on May 21, 2014 (the "General Bond Resolution"), authorizing the issuance from time to time of Sewerage Service Revenue Bonds of the City, as supplemented by the First Supplemental Sewerage Service Revenue Bond Resolution; and

WHEREAS, all Sewerage Service Revenue Bonds of the City are administered by the Board of Liquidation, City Debt; and

WHEREAS, the Sewerage and Water Board desires to authorize the issuance of Sewerage Service Revenue Bonds to finance the Cost of Capital Improvements (as defined in the General Bond Resolution); and

WHEREAS, prior to the issuance of the Bonds, the Sewerage and Water Board intends to expend its own funds on projects for the sewerage system of the City, and reasonably expects to reimburse said expenditures from the proceeds of the bonds in an amount not exceeding \$100,000,000; and

SECTION 1. Preliminary Approval of Bonds. Pursuant to the provisions of Section 4121 of Title 33 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority (the "Act"), preliminary approval is given to the issuance of not exceeding One Hundred Million Dollars (\$100,000,000) of Sewerage Service Revenue Bonds

APPENDIX E

(the "Bonds") of the City of New Orleans, Louisiana (the " Bonds"), to be issued for the purpose of paying a portion of the Cost of Capital Improvements (as defined in the General Bond Resolution), funding a debt service reserve fund, if required, and paying the costs of issuance associated therewith. The Bonds shall be issued in one or more series, shall bear interest at a rate or rates not to exceed seven percent (7.0%) per annum, to be determined by subsequent resolution of the Board of Liquidation at the time of the sale of the Bonds, and shall mature no later than thirty (30) years from the date thereof. The Sewerage Service Revenue Bonds shall be issued in fully registered form, shall be sold to the purchasers thereof at a price of not less than ninety-eight percent (98%) of par, plus accrued interest, and shall have such additional terms and provisions as may be determined by the Sewerage and Water Board and the Board of Liquidation at the time of issuance and sale of the Sewerage Service Revenue Bonds. As provided in the Act, the Bonds are to be payable out of revenues derived from sewerage service charges for purposes related to the sewerage system of the City, after provision has been made for the payment from said revenues of the costs of operating and maintaining the sewerage system.

SECTION 2. State Bond Commission. Application is hereby made to the State Bond Commission, Baton Rouge, Louisiana, for approval of the issuance and sale of the Bonds, and co-bond counsel are directed to make application to the State Bond Commission in accordance with the foregoing on behalf of the Sewerage and Water Board.

By virtue of the Sewerage and Water Board's application for, acceptance and utilization of the benefits of the State Bond Commission's approval requested herein, the Sewerage and water Board understands and agrees that such approval is expressly conditioned upon, and further understands, agrees and binds itself, its successors and assigns, to full and continuing compliance with the "State Bond Commission Policy on Approval of Proposed Use of Swaps, or other forms of Derivative Products, Hedges, Etc.," adopted by the Commission on July 20, 2006, as to the borrowing and other matters subject to the approval, including subsequent application and approval under said Policy of the implementation or use of any swaps or other products or enhancements covered thereby.

SECTION 3. Intent to Reimburse. Prior to the issuance of the Bonds, the Sewerage and Water Board will expend its own funds on projects for the sewer System of the City. Upon issuance of the Bonds, the Sewerage and Water Board reasonably expects to reimburse itself for said expenditures from the proceeds of the Bonds. Any such allocation of the proceeds of the Bonds will be with respect to capital expenditures [as defined in Treasury Regulation 1.150-1(h)] and will be made upon the delivery of the Bonds and in accordance with said Regulation. This resolution is intended to be a declaration of intent to reimburse in accordance with the provisions of Treasury Regulation 1.150-2.

This resolution having been submitted to a vote, the vote thereon was as follows:

APPENDIX E

<u>Member</u>	<u>Yea</u>	<u>Nay</u>	<u>Absent</u>	<u>Abstaining</u>
Suchitra Satpathi (for Mitchell J. Landrieu)	_____	_____	_____	_____
William Raymond Manning	_____	_____	_____	_____
Marion B. Bracy	_____	_____	_____	_____
Kerri T. Kane	_____	_____	_____	_____
Mark M. Moody	_____	_____	_____	_____
Scott Jacobs	_____	_____	_____	_____
Robin Barnes	_____	_____	_____	_____
Tamika Duplessis, Ph.D.	_____	_____	_____	_____
Kimberly Thomas, JD	_____	_____	_____	_____
Joseph Peychaud	_____	_____	_____	_____
Alan C. Arnold	_____	_____	_____	_____

And the resolution was declared adopted on this ____ day of _____, 2015.

I, Cedric S. Grant, Executive Director,
Sewerage and Water Board of New Orleans, do hereby
certify that the above and foregoing is a true and
correct copy of a Resolution adopted at the Regular
Monthly Meeting of said Board, duly called and held,
according to law, on _____, 2015.



CEDRIC S. GRANT, EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS



APPENDIX F

Sewerage & Water Board of New Orleans

R-182-2012

SEWERAGE AND WATER BOARD OF NEW ORLEANS

RESOLUTION SETTING SEWER SERVICE USER CHARGES

A resolution fixing the rates to be charged private users of the sewerage system of the Sewerage and Water Board of New Orleans, so as to cover the cost of maintenance and operation of the public sewage disposal system, cost of improvements, extensions, betterments and repairs to said system, the establishment of a replacement fund, and the revenues required to be raised annually to ensure the proper development of said sewerage system and the payment of principal and interest of sewerage service revenue bonds, including payments required to be made into sinking funds and debt service reserve funds.

WHEREAS, under the provisions of Sections 4121 through 4123, inclusive, of Title 33 of the Louisiana Revised Statutes of 1950, as amended (the "Act"), the Sewerage and Water Board of New Orleans (the "Board") is authorized to fix the rates to be charged private users of the sewerage system, so as to cover the maintenance and operation of the public sewage disposal system, cost of improvements, extensions, betterments and repairs to said system, the establishment of a replacement fund, and the revenues required to be raised annually to ensure the proper development of said sewerage system and the payment of principal and interest of sewerage service revenue bonds, including payments required to be made into sinking funds and debt service reserve funds; and

WHEREAS, due to the effects of deferred operations and maintenance expenditures and the need for capital improvements to the sewerage and sewage treatment and disposal system of the Board, revenues under existing schedules of sewerage service charges are no longer adequate to meet operating, maintenance and capital requirements of the sewerage system; and

WHEREAS, it has become incumbent upon the Board to increase sewerage service charges, and to the serious nature of such a step, the firm of Raftelis Financial Consultants, was employed for the purpose of developing a long-term financial plan and rate study and giving its recommendations; and

WHEREAS, under the recommendations of said financial consultants, it now becomes necessary to exercise the authority granted to the Board under the provisions of the Act to increase sewerage service charges so as to provide revenues sufficient to pay the operating, maintenance and capital requirements of the sewerage system; and

WHEREAS, prior to taking any decisive action in connection with sewerage service charges, and at least thirty days before setting rates, the Board notified the Board of Liquidation, City Debt and the City Council of New Orleans of its intention, and thereafter held three public hearings to discuss the proposed new charges which public hearings were held on the following dates and times and locations:

January 23, 2012	6:00 PM	YMCA, 2220 Oretha Castle Haley Blvd
January 26, 2012	6:00 PM	City Council Chambers, 1300 Perdido Street
January 30, 2012	6:00 PM	Lindy Boggs Conference Center, 2043 Lakeshore Drive

and the public was notified of the hearings in "The Times-Picayune" within the week prior to each such meeting, and

APPENDIX F

WHEREAS, the Board also held three additional public meetings to discuss the proposed new charges which public hearings were held on the following dates and times and locations:

February 6, 2012 6:00 PM	Behrman Memorial Center, 2529 General Meyer Avenue
February 7, 2012 6:00 PM	Household of Faith Church, 9300 I-10 Service Road
February 9, 2012 6:00 PM	Bethel A.M.E Church, 1437 Caffin Avenue

and the public was notified of the meetings in "The Times-Picayune" within the week prior to each such meeting, and

WHEREAS, copies of the proposed sewerage service charges were on file in the office of the Office of Community and Intergovernmental Relations of the Board, and available to all interested persons, as set forth in the public notices of said meetings, and after hearing all interested persons appearing at the meetings, and considering their comments, as well as written communications received by the Board pertaining to said proposed sewerage service charges; and after due discussion and deliberation, and giving due consideration to the report of Raftelis Financial Consultants, as required by the covenants relating to the outstanding sewerage service revenue bonds, the Board has concluded that sewerage service charges should be revised and fixed in order to provide sufficient revenues to cover the costs described above, and

NOW, THEREFORE, BE IT RESOLVED by the Sewerage and Water Board of New Orleans, that the following schedule of charges and surcharges be adopted for private users of the sewerage system commencing January 1, 2013, consisting of (i) a Readiness-to-Serve Charge, (ii) a Volume Charge, and (iii) an Excessive Strength Surcharge on customers whose sewerage effluent exceeds normal limitations, as follows:

Readiness to Service Charge:

Meter Size (Inches)	Monthly Readiness to Service Charge (\$)							
	January 1, 2013	January 1, 2014	January 1, 2015	January 1, 2016	January 1, 2017	January 1, 2018	January 1, 2019	January 1, 2020
5/8	12.76	14.04	15.44	16.98	18.68	20.55	22.61	24.87
3/4	18.15	19.97	21.97	24.17	26.59	29.25	32.18	35.40
1	25.85	28.44	31.28	34.41	37.85	41.64	45.80	50.38
1 1/2	47.58	52.34	57.57	63.33	69.66	76.63	84.29	92.72
2	69.58	76.54	84.19	92.61	101.87	112.06	123.27	135.60
3	165.00	181.50	199.65	219.62	241.58	265.74	292.31	321.54
4	275.00	302.50	332.75	366.03	402.63	442.89	487.18	535.90
6	550.00	605.00	665.50	732.05	805.26	885.79	974.37	1,071.81
8	825.00	907.50	998.25	1,098.08	1,207.89	1,328.68	1,461.55	1,607.71
10	1,100.00	1,210.00	1,331.00	1,464.10	1,610.51	1,771.56	1,948.72	2,143.59
12	1,265.00	1,391.50	1,530.65	1,683.72	1,852.09	2,037.30	2,241.03	2,465.13
16	1,705.00	1,875.50	2,063.05	2,269.36	2,496.30	2,745.93	3,020.52	3,322.57

Volume Charge:

	Volume Charge (\$)							
	January 1, 2013	January 1, 2014	January 1, 2015	January 1, 2016	January 1, 2017	January 1, 2018	January 1, 2019	January 1, 2020
Per 1,000 Gallons	4.44	4.88	5.37	5.91	6.50	7.15	7.87	8.66

APPENDIX F

Excessive Strength Surcharge:

$$S = V_s \times 8.34 \times \{ [BOD \text{ Unit Charge} \times (BOD - 285)] + [SS \text{ Unit Charge} \times (SS - 395)] \}$$

S = Surcharge in dollars

V_s = Volume in thousand gallons

8.34 = Pounds per gallon of water

BOD = Biochemical oxygen demand strength index in parts per million or milligrams per liter by weight

285 = Allowed BOD strength in parts per million or milligrams per liter by weight

SS = Suspended solids strength index in parts per million or milligrams per liter by weight

395 = Allowed SS strength in parts per million or milligrams per liter by weight

BOD Unit Charge in dollars per pound:

	Total Charge (\$)							
	January 1, 2013	January 1, 2014	January 1, 2015	January 1, 2016	January 1, 2017	January 1, 2018	January 1, 2019	January 1, 2020
BOD Unit Charge	0.29	0.32	0.35	0.39	0.43	0.47	0.52	0.57

SS Unit Charge in dollars per pound:

	Total Charge (\$)							
	January 1, 2013	January 1, 2014	January 1, 2015	January 1, 2016	January 1, 2017	January 1, 2018	January 1, 2019	January 1, 2020
SS Unit Charge	0.17	0.19	0.21	0.23	0.25	0.28	0.31	0.34

BE IT FURTHER RESOLVED that in the event that the effective date of an increase in charges or surcharges falls during a customer's billing cycle, then the increases shall be pro-rated and billed only with respect to the number of days in the billing cycle which fall on or after the effective dates set forth above.

I, Marcia A. St. Martin, Executive Director,
 Sewerage and Water Board of New Orleans, do
 hereby certify that the above and foregoing is
 a true and correct copy of a Resolution adopted
 at the Regular Monthly Meeting of said Board,
 duly called and held, according to law, on
 Wednesday, November 14, 2012.



 MARCIA A. ST. MARTIN
 EXECUTIVE DIRECTOR
 SEWERAGE AND WATER BOARD OF NEW ORLEANS



APPENDIX G

Sewerage & Water Board of New Orleans

R-186-2019

2020 Operating Budget and 2020 Capital Budget Blanket appropriations December 18, 2019

WHEREAS, as authorized by Louisiana R.S. 33:4083 that all funds received by the Board from water rates, and from the city by appropriation from its treasury, shall be deposited to the credit of the Board as collected, with fiscal agent of the city, and shall be paid out except upon duly adopted resolution of appropriation, and;

WHEREAS, Louisiana R.S. 33: 4094 specifically outlines the procedure for disbursement of Board funds on deposit with the Board of Liquidation, City Debt,

NOW, THEREFORE, BE IT RESOLVED, by the Sewerage and Water Board of New Orleans, that this resolution of appropriation is adopted to authorize and empower the disbursement of funds as identified in its 2020 Operation Budget and 2020 Capital Budget, by those designated parties, both within the Board as specified by its by-laws and by and through warrants drawn on the Board of Liquidation, City Debt.

I, Ghassah Korban, Executive Director,
Sewerage and Water Board of New Orleans
do hereby certify that the above and foregoing
is a true and correct copy of a Resolution said
Board, duly called and held, according to the
law on December 18, 2019

A handwritten signature in blue ink, reading "Ghassah Korban", written over a horizontal line.

GHASSAN KORBAN
EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS



APPENDIX H

Sewerage & Water Board of New Orleans

R-209-2019

2020 OPERATING BUDGET

WHEREAS, the Sewerage and Water Board has reviewed the Recommended 2020 Operating Budget of which \$90,801,009 is from the Water Department, \$103,653,966 is from the Sewerage Department, and \$46,512,609 is for the Drainage Department for a Total Operation and Maintenance Expense Budget of \$240,967,584; and

WHEREAS, it is the intent of the Board that the Executive Director maintain budgetary controls; and

WHEREAS, the authorized expenditure categories for 2020 are:

<u>EXPENDITURE CATEGORIES</u>	<u>2020 BUDGET</u>
Personnel Services	\$111,433,179
Services and Utilities	71,671,512
Material and Supplies	50,244,763
Special Current Charges	6,162,727
Furniture and Equipment	<u>1,455,403</u>
TOTAL Operation and Maintenance Expense	\$240,967,584
Debt Service	<u>\$ 40,386,025</u>
Operating and Maintenance with Debt Service	\$281,353,609

NOW THEREFORE BE IT RESOLVED that the Sewerage and Water Board of New Orleans does hereby approve the 2020 Operating and Maintenance Budget in the amount of \$281,353,609.

I, Ghassan Korban, Executive Director,
Sewerage and Water Board of New Orleans,
do hereby certify that the above and foregoing
is a true and correct copy of a resolution adopted
at the Regular Meeting of the said Board,
duly called and held, according to law, on
December 18, 2019.


Ghassan Korban
EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS



APPENDIX I

Sewerage & Water Board of New Orleans

R-208-2019

ADOPTION OF 2020 CAPITAL BUDGET

WHEREAS, the recommended 2020 Capital Budget for the water, sewerage, and drainage systems is **\$396,979,184**; and

WHEREAS, funding is projected to be available through revenues, reserves, bond proceeds, and participation by others to finance the Capital Budget are **\$325,394,881**;

WHEREAS, the drainage system portion of the recommended 2020 Capital Budget is **\$62,375,134** requiring a commitment of **\$37,906,826** of which the funds projected to finance it are **\$37,906,826** resulting in a deferral of projects totaling **\$24,468,308**; and

WHEREAS, the water system portion of the recommended 2020 Capital Budget is **\$213,411,851** requiring a commitment of **\$180,421,690** of which the funds projected available to finance it are **\$180,421,690** resulting in a deferral of projects totaling **\$32,990,161**; and

WHEREAS, the sewerage system portion of the recommended 2020 Capital Budget is **\$121,192,199** requiring a commitment of **\$107,066,366** of which the funds are projected available to finance it are **\$107,066,366** resulting in a deferral of projects totaling **\$14,125,833**; and

WHEREAS, the recommended 2020-2029 Capital Improvement Program is **\$2,373,478,652**;

NOW THEREFORE BE IT RESOLVED that the Sewerage and Water Board of New Orleans does hereby adopt the 2020 Total Capital Budget of **\$396,979,184** with funding totaling **\$325,394,881**; and

BE IT FURTHER RESOLVED that the Sewerage and Water Board does hereby accept the 2020-2029 Capital Improvement Program.

I, Ghassan Korban, Executive Director,
Sewerage and Water Board of New Orleans,
do hereby certify that the above and foregoing
is a true and correct copy of a resolution adopted
at the Regular Meeting of the said Board,
duly called and held, according to law, on
December 18, 2019.

Ghassan Korban
EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS



APPENDIX J

Sewerage & Water Board of New Orleans

R-196-2019

RESOLUTION AUTHORIZING PRELIMINARY APPROVAL FOR WATER REVENUE BONDS

WHEREAS, the Sewerage and Water Board of New Orleans (the "Sewerage and Water Board") is authorized to issue in the name of the City of New Orleans, Louisiana (the "City"), bonds payable solely out of the revenues derived from water rates for purposes relating to the water system of the City, pursuant to the provisions of Section 4096 of Title 33 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority (the "Act"); and

WHEREAS, the Sewerage and Water Board has heretofore adopted a General Water Revenue Bond Resolution on May 21, 2014 (the "General Bond Resolution"), authorizing the issuance from time to time of Taxable Water Revenue Bonds of the City, as supplemented by the First Supplemental Water Revenue Bond Resolution and Second Supplemental Water Revenue Bond Resolution; and

WHEREAS, all Water Revenue Bonds of the City are administered by the Board of Liquidation, City Debt (the "Board of Liquidation"); and

WHEREAS, the City proposes that the Bonds will be issued in the manner prescribed by and under the authority of the Act (as defined in the General Bond Resolution) and other constitutional and statutory authority; and

WHEREAS, the Sewerage and Water Board desires to authorize the issuance of Water Revenue Bonds to finance the Cost of Capital Improvements (as defined in the General Bond Resolution); and

WHEREAS, prior to the issuance of the Bonds, the Sewerage and Water Board intends to expend its own funds on projects for the water system of the City, and reasonably expects to reimburse said expenditures from the proceeds of the bonds; and

NOW, THEREFORE, BE IT RESOLVED by the Sewerage and Water Board of New Orleans, as follows:

SECTION 1. Preliminary Approval of Bonds. Pursuant to the provisions of the Act, preliminary approval is given to the issuance of not exceeding Sixty Million Dollars (\$60,000,000) of Taxable Water Revenue Bonds of the City of New Orleans, Louisiana (the "Bonds"), to be issued for the purpose of paying a portion of the Cost of Capital Improvements (as defined in the General Bond Resolution), and paying the costs of issuance associated therewith. The Bonds shall be issued in one or more series, shall bear interest at a rate or rates not exceeding two and forty-five hundredths percent (2.45%) per annum, to be determined by subsequent resolution of the Board of Liquidation at the time of the sale of the Bonds, and shall mature no later than twenty-two (22) years from the date thereof. As provided in the Act, the Bonds are to be payable out of revenues derived from water rates for purposes relating to the water system of the City (the "Water System"), after provision has been made for the payment from said revenues of the costs of operating and maintaining the Water System. The Bonds shall be issued on a parity with the City's outstanding Water Revenue and Refunding Bonds, Series 2014 and Water Revenue Bonds, Series

APPENDIX J

2015; provided, however, that the Sewerage and Water Board and Board of Liquidation may provide in subsequent resolutions that the Bonds are to be issued on a subordinate lien basis, subject to any terms or provisions with respect to such lien as may be necessary or appropriate.

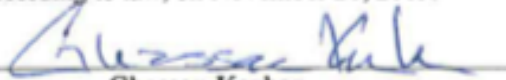
SECTION 1. **State Bond Commission.** Application is hereby made to the State Bond Commission, Baton Rouge, Louisiana, for approval of the issuance and sale of the Bonds, and co-bond counsel are directed to make application to the State Bond Commission in accordance with the foregoing on behalf of the Sewerage and Water Board.

By virtue of the Sewerage and Water Board's application for, acceptance and utilization of the benefits of the State Bond Commission's approval requested herein, the Sewerage and Water Board understands and agrees that such approval is expressly conditioned upon, and further understands, agrees and binds itself, its successors and assigns, to full and continuing compliance with the "State Bond Commission Policy on Approval of Proposed Use of Swaps, or other forms of Derivative Products, Hedges, Etc.," adopted by the Commission on July 20, 2006, as to the borrowing and other matters subject to the approval, including subsequent application and approval under said Policy of the implementation or use of any swaps or other products or enhancements covered thereby.

SECTION 4. **Request for Approval.** A certified copy of this resolution shall be furnished to the Council of the City and the Board of Liquidation. The Sewerage and Water Board hereby requests that the Council of the City and the Board of Liquidation approve this resolution and any other resolutions of the Sewerage and Water Board providing for the issuance of the Bonds, if required by law.

SECTION 5. **Authorization.** The President and the Executive Director of the Sewerage and Water Board be and they are hereby authorized and directed to take all further action as may be necessary and appropriate to effectuate and implement this Resolution.

I, Ghassan Korban, Executive Director, Sewerage and Water Board of New Orleans, do hereby certify that the above and foregoing is a true and correct copy of a resolution adopted at the Regular Meeting of the said Board duly called and held, according to law, on November 20, 2019.


Ghassan Korban
Executive Director
SEWERAGE AND WATER BOARD OF NEW ORLEANS



APPENDIX K

Sewerage & Water Board of New Orleans

R-197-2019

RESOLUTION AUTHORIZING PRELIMINARY APPROVAL FOR SEWERAGE SERVICE REVENUE BONDS

WHEREAS, the Sewerage and Water Board of New Orleans (the "Sewerage and Water Board") is authorized to issue in the name of the City of New Orleans, Louisiana (the "City"), bonds payable solely out of the revenues derived from sewerage service charges for purposes relating to the sewerage system of the City, pursuant to the provisions of Section 4121 of Title 33 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority (the "Act"); and

WHEREAS, the Sewerage and Water Board has heretofore adopted a General Sewerage Service Revenue Bond Resolution on May 21, 2014 (the "General Bond Resolution"), authorizing the issuance from time to time of Sewerage Service Revenue Bonds of the City, as supplemented by the First Supplemental Sewerage Service Revenue Bond Resolution, Second Supplemental Sewerage Service Revenue Bond Resolution and Third Supplemental Sewerage Service Revenue Bond Resolution; and

WHEREAS, all Sewerage Service Revenue Bonds of the City are administered by the Board of Liquidation, City Debt (the "Board of Liquidation"); and

WHEREAS, the Sewerage and Water Board desires to authorize the issuance of Sewerage Service Revenue Bonds (the "Bonds") to finance the Cost of Capital Improvements (as defined in the General Bond Resolution); and

WHEREAS, prior to the issuance of the Bonds, the Sewerage and Water Board intends to expend its own funds on projects for the sewerage system of the City, and reasonably expects to reimburse said expenditures from the proceeds of the Bonds;

NOW, THEREFORE, BE IT RESOLVED by the Sewerage and Water Board of New Orleans, as follows:

SECTION 1. Preliminary Approval of Bonds. Pursuant to the provisions of Section 4121 of Title 33 of the Louisiana Revised Statutes of 1950, as amended, and other constitutional and statutory authority (the "Act"), preliminary approval is given to the issuance of not exceeding Seventy-Five Million Dollars (\$75,000,000) of Sewerage Service Revenue Bonds (the "Bonds") of the City of New Orleans, Louisiana (the "Bonds"), to be issued for the purpose of paying a portion of the Cost of Capital Improvements (as defined in the General Bond Resolution), funding a debt service reserve fund, if required, and paying the costs of issuance associated therewith. The Bonds shall be issued in one or more series, shall bear interest at a rate or rates not to exceed six percent (6.00%) per annum, to be determined by subsequent resolution of the Board of Liquidation at the time of the sale of the Bonds, and shall mature no later than thirty (30) years from the date thereof. The Bonds shall be issued in fully registered form and shall have such additional terms and provisions as may be determined by the Sewerage and Water

APPENDIX K

Board and the Board of Liquidation at the time of issuance and sale of the Bonds. The Bonds are to be payable out of revenues derived from sewerage service charges for purposes related to the sewerage system of the City (the "Sewerage System"), after provision has been made for the payment from said revenues of the costs of operating and maintaining the Sewerage System, all as more fully provided in the Act and the General Bond Resolution. The Sewerage Service Revenue Bonds shall be issued on a parity with the City's outstanding (i) Sewerage Service Revenue Bonds, Series 2011, (ii) Sewerage Service Revenue and Refunding Bonds, Series 2014, (iii) Sewerage Service Revenue Bonds, Series 2015, and (iv) Sewerage Service Revenue Bonds, Series 2019.

SECTION 2. **State Bond Commission.** Application is hereby made to the State Bond Commission, Baton Rouge, Louisiana, for approval of the issuance and sale of the Bonds, and co-bond counsel are directed to make application to the State Bond Commission in accordance with the foregoing on behalf of the Sewerage and Water Board.

By virtue of the Sewerage and Water Board's application for, acceptance and utilization of the benefits of the State Bond Commission's approval requested herein, the Sewerage and water Board understands and agrees that such approval is expressly conditioned upon, and further understands, agrees and binds itself, its successors and assigns, to full and continuing compliance with the "State Bond Commission Policy on Approval of Proposed Use of Swaps, or other forms of Derivative Products, Hedges, Etc.," adopted by the Commission on July 20, 2006, as to the borrowing and other matters subject to the approval, including subsequent application and approval under said Policy of the implementation or use of any swaps or other products or enhancements covered thereby.

SECTION 3. **Request for Approval.** A certified copy of this resolution shall be furnished to the Council of the City and the Board of Liquidation. The Sewerage and Water Board hereby requests that the Council of the City and the Board of Liquidation approve this resolution and any other resolutions of the Sewerage and Water Board providing for the issuance of the Bonds, if required by law.

SECTION 4. **Authorization.** The President and the Executive Director of the Sewerage and Water Board be and they are hereby authorized and directed to take all further action as may be necessary and appropriate to effectuate and implement this Resolution.

SECTION 5. **Intent to Reimburse.** Prior to the issuance of the Bonds, the Sewerage and Water Board will expend its own funds on deposit in the Revenue Fund maintained pursuant to the General Bond Resolution on projects for the Sewer System. Upon issuance of the Bonds, the Sewerage and Water Board reasonably expects to reimburse itself for said expenditures from the proceeds of the Bonds. Any such allocation of the proceeds of the Bonds will be with respect to capital expenditures [as defined in Treasury Regulation 1.150-1(h)] and will be made upon the delivery of the Bonds and in accordance with said Regulation.

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This resolution is intended to be a declaration of intent to reimburse in accordance with the provisions of Treasury Regulation 1.150-2.

I, Ghassan Korban, Executive Director, Sewerage and Water Board of New Orleans, do hereby certify that the above and foregoing is a true and correct copy of a resolution adopted at the Regular Meeting of the said Board duly called and held, according to law, on November 20, 2019.



Ghassan Korban
Executive Director

SEWERAGE AND WATER BOARD OF NEW ORLEANS



APPENDIX L

Sewerage & Water Board of New Orleans

R- 107-2019

RESOLUTION AUTHORIZING APPLICATION TO THE U.S. ENVIRONMENTAL PROTECTION AGENCY

WHEREAS the Sewerage and Water Board of New Orleans has undertaken a multi-year program, the Sewer System Evaluation and Rehabilitation Program (SSERP), to identify and address structural and mechanical deficiencies in the wastewater collection system and to ensure that the system has adequate capacity; and

WHEREAS these improvements, currently estimated to cost \$499.1 million over a ten year period, are required to comply with Section XV-Clean Water Act Remedial Measures: Comprehensive Collection System Remedial Program of the Consent Decree between the Sewerage and Water Board of New Orleans and the United States Environmental Protection Agency (EPA) which was signed June 1998; and

WHEREAS two necessary sewer rate increases were approved between 1998 and 2002 to fund the Sewer System Evaluation and Rehabilitation Program (SSERP). While the Sewerage and Water Board has worked diligently to minimize the financial impact on ratepayers, additional funds will be needed to continue the program on schedule; and

WHEREAS the Water Infrastructure Finance and Innovation Act (WIFIA) program administered by the United States Environmental Protection Agency (EPA) was designed to accelerate investment in our nation's water and wastewater infrastructure by providing long term, low-cost, supplemental credit assistance under customized terms to creditworthy water and wastewater projects of national and regional significance; and

WHEREAS loans to fund the remainder of the SSERP may be available through the WIFIA program; and

WHEREAS funding the remainder of SSERP projects through a WIFIA loan would allow the Sewerage and Water Board to be strategic in its use of existing funds for other high-priority needs; and

NOW THEREFORE, BE IT RESOLVED by the Sewerage and Water Board of New Orleans that:

The Chief Financial Officer of the Sewerage and Water Board is hereby authorized to submit a WIFIA Loan Application (pre-application and application) in the maximum amount of \$120 million to the EPA on behalf of the Sewerage and Water Board for the purpose of placing sewerage system rehabilitation projects on the Project Priority List for funding through the WIFIA loan program. The Chief Financial Officer is further authorized to furnish additional information as may reasonably be requested in connection with the pre-application(s) and/or application.

BE IT FURTHER RESOLVED the Chief Financial Officer is hereby designated as the Official Project Representative for the District for any project that may result from the submission of the pre-application(s) and/or application.

APPENDIX L

I, Ghassan Korban, Executive Director,
Sewerage and Water Board of New Orleans,
do hereby certify that the above and foregoing
is a true and correct copy of a resolution adopted
at the Regular Meeting of the said Board,
duly called and held, according to law, on
June 19, 2019.


Ghassan Korban
EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS



APPENDIX M

Sewerage & Water Board of New Orleans

R-133-2019

**THIRD SUPPLEMENTAL SEWERAGE SERVICE
REVENUE BOND RESOLUTION**

adopted on [August 21], 2019

by the

SEWERAGE AND WATER BOARD OF NEW ORLEANS

**IN CONNECTION WITH THE ISSUANCE OF
NOT EXCEEDING \$25,000,000
SEWERAGE SERVICE REVENUE BOND, SERIES 2019
OF THE
CITY OF NEW ORLEANS, LOUISIANA**

APPENDIX M

R-133-2019

SEWERAGE AND WATER BOARD OF NEW ORLEANS

THIRD SUPPLEMENTAL SEWERAGE SERVICE REVENUE BOND RESOLUTION AUTHORIZING THE ISSUANCE OF

SEWERAGE SERVICE REVENUE BOND, SERIES 2019

The following resolution was offered by _____ and seconded by _____:

A Third Supplemental Resolution authorizing the issuance of a Sewerage Service Revenue Bond, Series 2019, of the City of New Orleans, Louisiana, in the maximum principal amount of Twenty-Five Million Dollars (\$25,000,000) in accordance with the terms of the General Sewerage Service Revenue Bond Resolution; prescribing the form and certain terms and conditions of said Series 2019 Bond; and providing for other matters in connection therewith.

WHEREAS, the United States of America, pursuant to the Clean Water Act of 1972, as amended by the Water Quality Act of 1987, specifically Subchapter VI, Chapter 26 of Title 33 of the United States Code (the "Federal Act"), is authorized to make capitalization grants to states to be used for the purpose of establishing a water pollution control revolving fund for providing assistance (i) for construction of treatment works (as defined in Section 1292 of the Federal Act) which are publicly owned, (ii) for implementing a management program under Section 1329 of the Federal Act and (iii) for developing and implementing a conservation and management plan under Section 1330 of the Federal Act; and

WHEREAS, in order to be eligible to receive such capitalization grants, a state must establish a water pollution control revolving loan fund to be administered by an instrumentality of the state with such powers and limitations as may be required to operate such fund in accordance with the requirements and objectives of the Federal Act; and

WHEREAS, the State of Louisiana (the "State"), pursuant to Chapter 14, Subchapter II of Title 30 of the Louisiana Revised Statutes of 1950, as amended, specifically La. R.S. 30:2301, et seq. (the "State Act"), has established a Clean Water State Revolving Fund (the "State Revolving Fund") in the custody of the Louisiana Department of Environmental Quality (the "Department") to be used for the purpose of providing financial assistance for the improvement of wastewater treatment facilities in the State, as more fully described in Section 2302 of the State Act, and has authorized the Department to administer the State Revolving Fund in accordance with applicable federal and state law; and

WHEREAS, on May 21, 2014, the Sewerage and Water Board of New Orleans (the "Board") adopted a General Sewerage Service Revenue Bond Resolution entitled "A resolution authorizing the issuance from time to time of Sewerage Service Revenue Bonds of the City of New Orleans, Louisiana, providing for the general terms, form, manner of payment and security

APPENDIX M

for payment of said bonds, providing for the issuance of a series of Sewerage Service Revenue and Refunding Bonds, and providing for other matters in connection therewith" (the "General Bond Resolution"), in which the Board authorized the issuance from time to time of Sewerage Service Revenue Bonds under the Act and other constitutional and statutory authority; and

WHEREAS, pursuant to the provisions of the General Bond Resolution and the First Supplemental Sewerage Service Revenue Bond Resolution adopted by the Board on May 21, 2014 (the "First Supplemental Resolution"), the Board authorized the issuance of the City of New Orleans, Louisiana Sewerage Service Revenue and Refunding Bonds, Series 2014 (the "Series 2014 Bonds"), further authorized the reissuance of the Sewerage Service Revenue Bonds, Series 2011 (the "Series 2011 Bonds") as Common Debt Service Reserve Secured Bonds on a parity with the Series 2014 Bonds, and set forth certain details in connection with the issuance of the Series 2014 Bonds; and

WHEREAS, pursuant to the provisions of the General Bond Resolution and the Second Supplemental Sewerage Service Revenue Bond Resolution adopted by the Board on October 21, 2015 (the "Second Supplemental Resolution"), the Board authorized the issuance of the City of New Orleans, Louisiana Sewerage Service Revenue Bonds, Series 2015 (the "Series 2015 Bonds") as Common Debt Service Reserve Secured Bonds on a parity with the Series 2011 Bonds and the Series 2014 Bonds, and set forth certain details in connection with the issuance of the Series 2015 Bonds; and

WHEREAS, capitalized terms used herein and not specifically defined herein shall have the meanings assigned to them in the General Bond Resolution as supplemented to date; and

WHEREAS, the Board, acting in the name of the City of New Orleans, Louisiana (the "City"), has made application to the Department for a loan from the State Revolving Fund for the purpose of paying Costs of Capital Improvements; and

WHEREAS, it is now the desire of this Board to authorize the issuance of the City's Sewerage Service Revenue Bond, Series 2019 (the "Series 2019 Bond") in the maximum principal amount of Twenty-Five Million Dollars (\$25,000,000), for the purposes of paying Costs of Capital Improvements approved by the Department (the "Project") and paying costs incurred in connection therewith; and

WHEREAS, in accordance with Section 1383(g) of the Federal Act, the Department has established a priority list under Section 1296 of the Federal Act, and the Project is on such list; and

WHEREAS, the Department has approved the Board's application for a loan from the State Revolving Fund to finance the Project; and

WHEREAS, in accordance with the Act and Section 4.03 of the General Bond Resolution, the Board now desires to adopt this Third Supplemental Resolution in order to provide for the issuance of the Series 2019 Bond as a series of Additional Bonds to pay the Cost of Capital Improvements; prescribing the form and certain terms and conditions of said Series 2019 Bond; and providing for other matters in connection therewith;

APPENDIX M

NOW, THEREFORE, BE IT RESOLVED by the Sewerage and Water Board of New Orleans, that:

ARTICLE I

DEFINITIONS AND FINDINGS

SECTION 1.01 **Definitions.** In this Third Supplemental Resolution all capitalized terms shall have the meanings assigned thereto in the above preambles, in this Section 1.01 and in the General Bond Resolution:

"Administrative Fee" means the annual fee equal to one-half of one percent (0.5%) *per annum* of the outstanding principal amount of the Series 2019 Bond, or such lesser amount as the Department may approve from time to time, which shall be payable each year in two equal semi-annual installments on each Interest Payment Date and calculated in the same manner as interest is calculated on the Series 2019 Bond.

"Completion Date" means the earlier of (i) the date of the final disbursement of the purchase price of the Series 2019 Bond to the Board, or (ii) the date the operation of the Project is initiated or capable of being initiated, as certified by an Authorized Officer in accordance with the Loan Agreement.

"Delivery Date" means the date on which the Series 2019 Bond is delivered to the Department and the first installment of the purchase price therefor is paid by the Department.

"Department" means the Louisiana Department of Environmental Quality, an executive department and agency of the State, and any successor to the duties and functions thereof.

"Federal Act" means the Clean Water Act of 1972, as amended by the Water Quality Act of 1987, specifically Subchapter VI, Chapter 26 of Title 33 of the United States Code, and other statutory and regulatory authority amendatory or supplemental thereto.

"Interest Payment Date" means each June 1 and December 1 of each year on which interest on the Series 2019 Bond is payable, the first of which shall occur after the delivery of the Series 2019 Bond to the Department and which shall occur semi-annually thereafter until the Series 2019 Bond is paid in full.

"Loan Agreement" means the Loan and Pledge Agreement to be entered into by and between the Department and the City prior to the delivery of the Series 2019 Bond which will contain certain additional agreements relating to the Series 2019 Bond and the Project, which Loan Agreement shall be in substantially the form attached as **Exhibit B** to this Third Supplemental Resolution.

"Outstanding Parity Bonds" shall mean the City's outstanding (i) Sewerage Service Revenue Bonds, Series 2011, (ii) Sewerage Service Revenue and Refunding Bonds, Series 2014, and (iii) Sewer Service Revenue Bonds, Series 2015.

APPENDIX M

"Paying Agent" with respect to the Series 2019 Bond means the Secretary of the Board of Liquidation, City Debt, who shall also serve as registrar with respect to the Series 2019 Bond, or any successor Paying Agent which shall have assumed such responsibilities pursuant to the General Bond Resolution.

"Principal Payment Date" means June 1 of each year in which principal of the Series 2019 Bond is due, with the first payment date to be not later than one year after the completion of the Project and the final payment date to fall nineteen years from the first principal payment date thereafter for a total of twenty (20) consecutive annual payment dates, provided that in no event shall the final maturity of the Series 2019 Bond be more than twenty-two (22) years from the Delivery Date.

"Project" means the Capital Improvements being financed with the proceeds of the Series 2019 Bond, consisting of those Capital Improvements authorized by the Department.

"State" means the State of Louisiana.

"State Loan Fund" means the Clean Water State Revolving Fund established by the State pursuant to Subtitle II, Chapter 14 of Title 30 of the Louisiana Revised Statutes of 1950, as amended (La. R.S. 30:2301, *et seq.*) in the custody of the Department, which is to be used for the purpose of providing financial assistance for the improvement of wastewater treatment facilities in the State, as more fully described in La. R.S. 30:2302.

"Series 2019 Bond" shall mean the City's Sewerage Service Revenue Bond, Series 2019, authorized to be issued by this Third Supplemental Resolution in an amount not to exceed Twenty-Five Million Dollars (\$25,000,000).

"Series 2019 Bond Debt Service Reserve Requirement" shall mean an amount equal to one-half (½) of the highest Annual Debt Service due on the Series 2019 Bond in any succeeding Fiscal Year, which shall include any Administrative Fee due on the Series 2019 Bond.

"Third Supplemental Resolution" shall mean this resolution of the Board, authorizing the issuance of the Series 2019 Bond.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF SERIES 2019 BOND

SECTION 2.01 Authorization.

(a) In compliance with and under the authority of the Act and the General Bond Resolution, and subject to the approval of the Louisiana State Bond Commission, there is hereby authorized the incurring of an indebtedness and issuance of revenue bonds in an aggregate principal amount of not exceeding Twenty-Five Million Dollars (\$25,000,000) for, on behalf of and in the name of the City, for the purpose of paying the Costs of the Project and paying Costs of Issuance of the Series 2019 Bond. The aforesaid indebtedness shall be represented by the Series 2019 Bond to be designated "City of New Orleans, Louisiana, Sewerage Service Revenue

APPENDIX M

Bond, Series 2019" (the "Series 2019 Bond"). The Series 2019 Bond is Senior Debt under the General Bond Resolution.

(b) The Series 2019 Bond shall be a fixed rate bond, payable as to interest and Administrative Fee on each Interest Payment Date. The Series 2019 Bond shall bear interest at a rate of forty-five hundredths of one percent (0.45%) per annum, said interest to be calculated on the basis of a 360-day year consisting of twelve 30-day months and payable on each Interest Payment Date, or such lower rate as may be in effect for loans from the State Loan Fund or offered by the Department to the Board at the Delivery Date. In addition to interest at the rate set forth above, at any time that the Department owns the Series 2019 Bond, the Board will pay the Administrative Fee to the Department on each Interest Payment Date. In the event (i) the Department owns any Series 2019 Bond or the Department has pledged or assigned any Series 2019 Bond in connection with the State Loan Fund and (ii) the Administrative Fee payable by the Board to the Department under the terms of the Loan Agreement is declared illegal or unenforceable by a court or an administrative body of competent jurisdiction, the interest rate borne by the Series 2019 Bond shall be increased by one-half of one percent (0.50%) per annum, effective as of the date declared to be the date from which the Administrative Fee is no longer owed because of such illegality or unenforceability.

(c) The Series 2019 Bond shall be issued as a Separate Series Debt Service Reserve Secured Bond.

(d) The Series 2019 Bond, equally with the Outstanding Parity Bonds, is equally and ratably secured by the Pledge of Net Revenues, as set forth in Section 4.02 of the General Bond Resolution.

(e) The Series 2019 Bond shall be initially issued in the form of a single fully registered bond numbered R-1, shall be dated the date of delivery thereof and shall be in substantially the form attached hereto as **Exhibit A**.

(f) The Series 2019 Bond shall mature in twenty (20) installments of principal, payable annually on each June 1 as set forth below (each of which shall be a Principal Payment Date), and each annual installment shall be the applicable percentage shown in the following table, rounded to the nearest One Thousand Dollars (\$1,000), of the outstanding principal amount of the Series 2019 Bond on the day before the applicable Principal Payment Date:

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<u>Date (June 1)</u>	<u>Percentage of Principal</u>	<u>Date (June 1)</u>	<u>Percentage of Principal</u>
2021	4.564%	2031	9.580%
2022	4.827	2032	10.696
2023	5.120	2033	12.090
2024	5.448	2034	13.884
2025	5.817	2035	16.275
2026	6.235	2036	19.624
2027	6.712	2037	24.647
2028	7.264	2038	33.019
2029	7.907	2039	49.764
2030	8.667	2040	100.000

In the event that the Completion Date of the Project is on or after June 1, 2021, the principal payment schedule set forth above may be adjusted so that each payment shall be due on June 1 of the year that is one year later than shown above, provided that in no event shall the final principal payment be more than twenty-two (22) years from the Delivery Date. To exercise the option to defer the principal repayment schedule, the Board must so notify the Department in writing prior to December 1, 2020, and certify that the Completion Date will not have occurred prior to June 1, 2021.

(g) The principal, interest and Administrative Fee on the Series 2019 Bond shall be payable by check mailed to the registered Owner of the Series 2019 Bond (determined as of the Interest Payment Date) at the address shown on the registration books kept by the Paying Agent for such purpose, provided that payment of the final installment of principal on the Series 2019 Bond shall be made only upon presentation and surrender of the Series 2019 Bond to the Paying Agent.

SECTION 2.02 Loan Agreement and Commitment Agreement. The Board recognizes that the Series 2019 Bond will be sold to the Department pursuant to its State Revolving Fund. In connection with this sale, the Board, the City, the Board of Liquidation and the Department will enter into the Loan Agreement presented by the Department to the City and the Board pertaining to the Series 2019 Bond and the Project, which Loan Agreement shall be substantially in the form attached as **Exhibit B** hereto. The Authorized Officers are hereby authorized to execute such Loan Agreement on behalf of and under the seal of the Board in substantially the form attached as **Exhibit B** hereto with such changes, additions and deletions as shall in the sole opinion of the Authorized Officers, upon advice of Bond Counsel and counsel to the Board, be deemed, the form and contents of which Loan Agreement are hereby approved by this Board. Prior to the delivery of the Series 2019 Bond and acting upon advice of Bond Counsel, the Board will enter into the Loan Agreement with such changes, additions and deletions as may be deemed appropriate by the Executive Director upon advice of Bond Counsel and counsel to the Board, and the Executive Director of the Board and President Pro-Tem of the Board are directed to execute such Loan Agreement on behalf of the Board. So long as the Department owns any portion of the Series 2019 Bond, then to the extent that any provision of this resolution is inconsistent with or contrary to any provision of the Loan Agreement, the applicable provision of

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the Loan Agreement shall control. As shall be provided in the Loan Agreement, the Board shall comply with certain provisions of the Loan Agreement, as specified therein, regardless of whether or not the Department is the Owner and regardless of any prepayment or defeasance of the Series 2019 Bond prior to its final stated maturity.

With the advice of Bond Counsel and Counsel to the Board, the Executive Director and/or the President Pro-Tem are further authorized and directed to execute on behalf of the Board a Commitment Agreement by and among the Department, the Board, the City and the Board of Liquidation, which the Department may require as a prerequisite to the execution of the Loan Agreement, said Commitment Agreement to be substantially in the form of the Commitment Agreement on file with the Executive Director.

SECTION 2.03 **Form of Series 2019 Bond.** The Series 2019 Bond shall be substantially in the form attached hereto as Exhibit A.

ARTICLE III

REDEMPTION FEATURES OF SERIES 2019 BOND

SECTION 3.01 **Optional Redemption.** The principal of the Series 2019 Bond is subject to prepayment at the option of the Board at any time, in whole or in part, at a prepayment price of par plus accrued interest and accrued Administrative Fee, if any, to the prepayment date, and in such case the remaining principal of the Series 2019 Bond, if any, shall continue to mature in installments calculated using the percentages shown in Section 2.01(f) above.

Official notice of such call of the Series 2019 Bond for prepayment shall be given by means of first class mail, postage prepaid, by notice deposited in the United States Mail not less than twenty (20) days prior to the prepayment date addressed to the Owner of such Series 2019 Bond to be prepaid at his address as shown on the registration books of the Paying Agent, which notice may be waived by any such Owner.

SECTION 3.02 **Assignment, Transfer or Sale by the Department.** The Board hereby approves and consents to any assignment, transfer or sale of the Loan Agreement and/or the Series 2019 Bond by the Department including but not limited to any such assignment or transfer in connection with the issuance by or on behalf of the Department of bonds, notes or other debt obligations. The Board hereby further approves and consents to any assignment or pledge by the Department of payments due from the Board pursuant to this Loan Agreement and the Series 2019 Bond as security or partial security for the payment of principal and interest on such bonds, notes or other debt obligations issued by or on behalf of the Department. The Board agrees to cooperate with the Department in accomplishing any such assignment, including execution of any additional certificates or documents as may be reasonably required by the Department.

SECTION 3.03 **Assignment, Transfer or Sale by the Board.** While the Series 2019 Bond is outstanding, neither the Loan Agreement nor the Project may be assigned, transferred or sold by the Board for any reason, unless the following conditions shall be satisfied:

- (a) the Department shall have approved said assignment, transfer or sale in writing;

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(b) the assignee or transferee shall be a governmental unit within the meaning of Section 141(c) of the Code, unless the Department shall have received the opinion described in (d) below notwithstanding the fact that the assignee or transferee is not a governmental unit, and the assignee shall have expressly assumed in writing the full and faithful observance and performance of the Board's duties, covenants, agreements and obligations under this Loan Agreement;

(c) immediately after such assignment, transfer or sale, the assignee or transferee shall not be in default in the performance or observance of any duties, covenants, obligations or agreements of the Board hereunder or under the General Bond Resolution, as amended or supplemented;

(d) if applicable, the Department shall have received an opinion of its bond counsel to the effect that such assignment, transfer or sale will not or would not adversely affect the exclusion of interest on the Series 2019 Bond from gross income for federal income tax purposes under the Code;

(e) if applicable, the Department shall have received an opinion of its bond counsel to the effect that such assignment, transfer or sale will not adversely affect the exclusion of interest on any bonds, notes, or other debt obligations issued by or on behalf of the Department from gross income for federal income tax purposes under the Code or affect the ability of the Department to repay or cause to be repaid any such bonds, notes or other debt obligations; and

(f) the Department shall receive an opinion of its counsel to the effect that such assignment, transfer or sale will not violate the provisions of any agreement entered into by the Department with, or condition of any grant received by the Department from, the United States of America relating to any capitalization grant received by the Department or the State under the Federal Act or the regulations thereunder.

No assignment, transfer or sale shall relieve the Board from primary liability for any of its obligations under this Loan Agreement and in the event of such assignment, the Board shall continue to remain primarily liable for the performance and observance of its obligations to be performed and observed under this Loan Agreement.

ARTICLE IV

APPLICATION OF PROCEEDS OF THE SERIES 2019 BOND; CREATION OF SERIES DEBT SERVICE RESERVE ACCOUNT

SECTION 4.01 **Construction Fund.** The Board shall cause the Board of Liquidation to deposit and set aside all of the proceeds of the Series 2019 Bond, which shall be paid in installments by the Department in the manner set forth in the Loan Agreement, in the Construction Fund. The funds in the Construction Fund shall be used solely for the purpose of paying Costs of the Project and Costs of Issuance in the manner set forth in the Loan Agreement and pursuant to Article VI of the General Bond Resolution.

SECTION 4.02 **Reserve Account.** There is hereby established and shall be maintained with the Board of Liquidation the Series 2019 Bond Debt Service Reserve Account (the "Series

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2019 Bond Reserve Account") in the Reserve Fund. The Series 2019 Bond Reserve Account shall be the Series Debt Service Reserve Account for the Series 2019 Bond. The Board shall make monthly deposits into the Series 2019 Bond Reserve Account in the priority established pursuant to Section 7.04 of the General Bond Resolution such that an amount equal to the 2019 Bond Debt Service Reserve Requirement is on deposit in the Series 2019 Bond Reserve Account within a period not exceeding five (5) years from the Delivery Date of the Series 2019 Bond, and thereafter there shall be maintained in the Series 2019 Bond Reserve Account an amount equal to the Series 2019 Bond Debt Service Reserve Requirement. The Series 2019 Bond Reserve Account shall be maintained for the benefit of the Owners of the Series 2019 Bond as set forth in Section 7.06 of the General Bond Resolution. The Series 2019 Bond is not a Common Debt Service Reserve Secured Bond; any Owner of the Series 2019 Bond is entitled solely to benefit from the Series 2019 Bond Reserve Account.

ARTICLE V

SALE OF SERIES 2019 BOND

SECTION 5.01 Sale of Series 2019 Bond. The Series 2019 Bond is awarded to and sold to the Department at a price of par under the terms and conditions set forth in the Loan Agreement, and after their execution the Series 2019 Bond shall be delivered to the Department or its agents or assigns, upon receipt by the Board of the agreed first advance of the purchase price of the Series 2019 Bond. The Board has determined to sell the Series 2019 Bond at a private sale without necessity of publication of a notice of sale. It is understood that the purchase price of the Series 2019 Bond will be paid by the Department to the Board in installments, in the manner and under the terms and conditions set forth in the Loan Agreement.

SECTION 5.02 Authorized Officers. The Executive Director and the President and the President Pro-Tem of the Board, acting singly, be and each of them hereby is authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the General Bond Resolution.

ARTICLE VI

EXECUTION AND DELIVERY OF SERIES 2019 BOND

SECTION 6.01 Execution/Delivery. The President of this Board is hereby authorized and the Mayor of the City and the President and Secretary of the Board of Liquidation are requested to sign in their official capacities and deliver the Series 2019 Bond in the form set forth in Exhibit A hereto, including any changes, additions and deletions thereto approved by bond counsel, in definitive form, as printed bonds, and to execute and deliver any and all additional proofs, instruments and certificates required by or provided for in the General Bond Resolution, this Third Supplemental Resolution, or the Series 2019 Bond, and perform such other acts as may otherwise be required to effectuate the financing herein provided for. The signatures authorized hereinabove as so executed shall be deemed conclusive evidence of the due exercise of the authority vested in such officers hereunder, and shall be sufficient to create binding obligations of the Board.

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ARTICLE VII

MISCELLANEOUS PROVISIONS

SECTION 7.01 **Davis-Bacon Wage Rate Requirements.** The Board agrees that all laborers and mechanics employed by contractors and subcontractors on the portion of the Project that is funded in whole or in part with proceeds of the Series 2019 Bond shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality of the Board as determined by the Secretary of the United States Department of Labor ("DOL") in accordance with Subchapter IV of Chapter 31 of Title 40, United States Code, and as further described in Section 6.04 of the Loan Agreement.

SECTION 7.02 **Use of American Iron and Steel Products.** In order to comply with Title IV, Division G of the Consolidated Appropriations Act, 2018 (Public Law 115-141) the Board agrees that all of the iron and steel, products used in the portion of the Project that is funded in whole or in part with the Series 2019 Bond shall be produced in the United States, subject to the conditions set forth in the Loan Agreement.

SECTION 7.03 **Parties Interested Herein.** Nothing in this Third Supplemental Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the Board and the Owners of the Series 2019 Bond any right, remedy or claim under or by reason of this Third Supplemental Resolution or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in this Third Supplemental Resolution contained by and on behalf of the Board shall be for the sole and exclusive benefit of the Board and the Owners of the Series 2019 Bond.

SECTION 7.04 **Effect of Partial Invalidity.** In case any one or more of the provisions of the General Bond Resolution or this Third Supplemental Resolution shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect other provisions of the General Bond Resolution or this Third Supplemental Resolution, but the General Bond Resolution and this Third Supplemental Resolution shall be construed and enforced as if such illegal or invalid provisions had not been contained therein.

SECTION 7.05 **Effect of Covenants.** All covenants, stipulations, obligations and agreements of the Board contained in this Third Supplemental Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the Board to the full extent permitted by the Constitution and laws of the State of Louisiana.

SECTION 7.06 **Disclosure Under S.E.C. Rule 15c2-12.** The Board hereby acknowledges and agrees that even though the Series 2019 Bond is initially exempt from the continuing disclosure requirements of Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "Rule") pursuant to section (d)(1) and/or other exemptions to the Rule, in the event the Department should transfer the Series 2019 Bond or the Series 2019 Bond become a source of repayment of "municipal securities" sold through a "primary offering" (as both terms are defined and used in the Rule), it is possible that the Board could constitute an "obligated person" as defined and used in the Rule. In that case, the Board agrees to comply with the

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continuing disclosure requirements of the Rule upon notification by the Department of the Board's obligation to do so.

SECTION 7.07 Reserved.

SECTION 7.08 Section Headings. The headings of the various Sections hereof are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 7.09 Conflicts. All resolutions and orders or parts thereof in conflict herewith as they are applicable to the Series 2019 Bond, to the extent of such conflict and only with respect to their applicability to the Series 2019 Bond, shall be superseded by the applicable provisions of this Third Supplemental Resolution.

SECTION 7.10 Publication. A copy of this Third Supplemental Resolution shall be published as soon as practicable after its adoption in one issue of the official journal of the City, and it shall not be necessary to publish the exhibits hereto if the exhibits are made available for public inspection at reasonable times and that fact is stated in the publication. For a period of thirty (30) days from the date of publication, any person in interest may contest the legality of this Third Supplemental Resolution and of any provision hereof made for the security and payment of the Series 2019 Bond. After the expiration of said thirty (30) days, no one shall have any cause or right of action to test the regularity, formality, legality or effectiveness of this Third Supplemental Resolution and the provisions hereof or of the Series 2019 Bond for any cause whatsoever. If no suit, action, or proceeding is begun contesting the validity of the Series 2019 Bond within the thirty days, the authority to issue the bonds and to provide for the payment thereof, and the legality thereof and of all of this Third Supplemental Resolution shall be conclusively presumed, and no court shall thereafter have authority to inquire into such matters.

SECTION 7.11 Maintenance of Funds and Accounts. The Board acknowledges that it will maintain with the fiscal agent banks and under the custody of the Board of Liquidation so long as the Series 2019 Bond is outstanding the Funds and Accounts provided for in Section 7.03 of the General Bond Resolution.

SECTION 7.12 Cooperation with Department. At any time the Department owns any of the Series 2019 Bond, the Board will cooperate with the Department in the observance and performance of the respective duties, covenants, obligations and agreements of the Board and the Department under the Loan Agreement.

SECTION 7.13 Implementation of Rate Increases. The Board acknowledges and agrees that the Series 2019 Bond is being issued in anticipation of and in reliance on rate increases approved by the Board, the Board of Liquidation and the City Council of the City through the year 2020, and timely implementation of such rate increases as heretofore adopted constitutes a contract with the Owners.

SECTION 7.14 Effective Date. This Third Supplemental Resolution shall become effective immediately.

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SECTION 7.14 Effective Date. This Third Supplemental Resolution shall become effective immediately.

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This resolution having been submitted to a vote, the vote thereon was as follows:

<u>Member</u>	<u>Yea</u>	<u>Nay</u>	<u>Absent</u>	<u>Abstaining</u>
Jay H. Banks	_____	_____	_____	_____
Robin Barnes	_____	_____	_____	_____
Tamika Duplessis, Ph. D	_____	_____	_____	_____
Alejandra Guzman	_____	_____	_____	_____
Janet Howard	_____	_____	_____	_____
Ralph Johnson	_____	_____	_____	_____
Joseph Peychaud	_____	_____	_____	_____
VACANCY	_____	_____	_____	_____
Lynes R. "Poco" Sloss	_____	_____	_____	_____
Maurice G. Sholas	_____	_____	_____	_____

And the resolution was declared adopted on this ____ day of August, 2019.