

**Louisiana Transportation Authority**  
Meeting  
Louisiana State Capitol  
House Committee Room 4  
Baton Rouge, LA  
Thursday, July 18, 2013

**MINUTES**

**I CALL TO ORDER**

Rep. Karen St. Germain

**II ROLL CALL**

**Board Members Present:**

Senator Robert Adley  
Secretary Sherri LeBas  
Ray Stockstill  
Senator Norby Chabert for Senator Alario  
Rep. James Morris  
Paul Sawyer  
Jackie Adcock

We have a quorum.

**III READING AND APPROVAL OF MINUTES OF December 21, 2012**

Rep. St. Germain moved to accept the minutes and Senator Adley second the motion.

**IV OLD BUSINESS**

Michael Bridges: Undersecretary for DOTD gave status of LA 1 Toll Road Debt. Good news. Last fall we got the Board's approval to submit to TIFIA a letter of interest for a TIFIA Loan. The TIFIA Credit Council has favorably considered the application/letter of interest and has invited the LTA to submit a formal application. This is a key step in their process. There are a lot of letters of interest that do not get that invitation. It's good and very positive. The next step is to get your approval to submit that application and our intent is to get that done next week. Would like to give a little bit of an overview for those that don't recall, the LA 1 Toll Road forecasted revenue is insufficient to meet the debt service coverage requirements. Beginning with the December 1, 2013 payment, the bonds with the TIFIA loans will be in default. DOTD on behalf of the LTA submitted a letter of interest to the USDOT TIFIA Program in October, 2012 for a new loan to refinance the entire debt. If we are not successful, and we have a

draw on the debt service reserve fund, it would require the Legislature to appropriate the money to refill the debt service. It is a backup of the state. A default could reflect negatively on the State's overall credit rating. It is not a good thing to let that happen and we need to do everything that we can to prevent that default from happening and we to prevent the LTA to be forced by the bond documents to raise tolls another 88% above the 20% already built into the schedule and that 20% increase did not take effect in January, 2013. The Toll Consultant stated that an onerous toll increase will affect the economy of Grand Isle and Port Fourchon and he said for every \$1M of toll revenue raised it will affect the economies by about 45% of that value. This is something that we don't want to get into to raise the tolls that much. When I was here before we had talked about asking them for a big TIFIA loan to refinance all the debt...the senior lien bonds and the existing TIFIA loan. We were asking for \$176M TIFIA loan and that would be a rural infrastructure TIFIA loan that is provided for in the new Federal Highway Legislation Map 21. That is a great rate. That is half the treasury rate. This would be included in a CEA state backup so that we can get an investment rate rating and it amounted to 47% of the toll project costs. The total project costs for Phase 1 was \$371M . TIFIA came back and stated that they would not approve anything over 33% of the total project costs even though 49% is listed in Map 21. They were not going to loan anything over 33% to any state that comes to them. We had to go back and we presented Option 2 which was \$122M TIFIA loan which is 33% of the total project costs at that half treasury rate. The rest would have to be financed with \$54M in public market bonds. Now, they would both be covered by a state backup to get the credit rating. TIFIA stated that only that the original TIFIA loan amount which is the \$78M of the \$122M would be eligible for the half treasury rate. We came up with Option 3. Keep in mind this is over the course of 12 conference calls and 3 face to face meetings with them. We came up with a 3 part finance solution. The first part was \$78M with a 35 year TIFIA loan at half of treasury rate, \$44M TIFIA loan with full treasury rate and those two add up to the \$122M which is the 33% of the total project costs. The rest will be \$54M in a 30 year public market bonds and that would be a current rate. All 3 parts will be in a CEA provided by the State and the combined debt service of this solution fits under the URS base case revenue scenario. It is only slightly above the 5<sup>th</sup> percentile which is their low revenue scenario and basically that means that 95% of the time it will come above that line. In effect it will be neutral. We are going to be able to fit the revenue debt services underneath the revenue. The good thing about this is there is going to be no increase in tolls required beyond the built in increases every 5 years. So this proposed Option 3C and this chart will show the different debt service.

**(SEE LA 1 TOLL ROAD REFINANCING HANDOUT PAGE 7)**

CEA between LTA and Division of Administration is a critical feature of the deal. D of A agrees to include debt service for the TIFIA loans and public market bonds in their annual operating budget. LTA agrees to send toll revenue in the amount of the debt service to the State general fund. Excess toll revenues will be used to pay down the TIFIA loan. LTA agrees to continue tolling for duration

of the loans and bonds and not be required to increase the tolls above the already built in schedule. DOTD agrees to continue paying the cost for the toll collections and operations and maintenance. Tentative refinancing time line.. **(SEE LA 1 TOLL ROAD REFINANCING HANDOUT PAGE 10)**. Objective is to get deal closed by November of this year. Although being invited to submit an application is not a guarantee that we will get the loans, I think it is a very positive indication and the TIFIA staff have worked with us and they are motivated to get this done. They don't want to see an existing TIFIA loan default. Anything that is in their portfolio that is not doing well reflects on them also. They are motivated to help us with this. Are there any questions?

Senator Adley: Page 5 you were going over the various options and you talked about the reduction of the bond capacity of \$12-\$20M. When do you expect that to happen?

Michael Bridges: The \$12-\$20M is a present value calculation of what that would free up.

Senator Adley: What impacts the calculation that we have for State debt tied back to the 6% of revenue? Will this impact that at all when you say you free up bond capacity?

Michael Bridges: It won't free it up in the immediate years but it will in the out years.

Senator Adley: Out years being how far?

Michael Bridges: When it gets to 2022 and if it is above the debt service amount.

Rep. St. Germain: Any more questions?

Michael Bridges: I would like to take something out of order. There is a resolution that I would like for you to consider and vote on that is in new business that directly relates to this presentation and I will ask Meredith Hathorn who is the bond attorney to come and talk to you about what we are asking you to approve.

Rep. St. Germain: This is Item #5 on the new business, Does any of you have any objections? OK, we will move on to Item 5

Meredith Hathorn: You have a resolution in front of you that authorizes the application to be submitted to US Department of Transportation. The maximum amount of the loan that can be applied for is \$123M and that is consistent with the presentation made by Mr. Bridges. It also authorizes the submission of the appropriate documents to the bond commission for their approval and the preparation of the CEA so that can get to the bond commission and the JLCB. It also authorizes the Secretary of DOTD to undertake a competitive process for the selection of underwriters for the public bonds. Those will have to sold out in

the public market so you need an underwriter. That solicitation will be done under the financial advisor which is the same financial advisor that the State of Louisiana uses which is Lamont Financial Services. Both Foley Judell and Lamont are under contract with the DOTD to provide services to the LTA. The resolution also provides for our contracts to be amended to cover for our refinancing and for all our fees to be consistent with what the bond commission sees. We will have to come back with more detail and the form of the CEA and everything else once we figure out with TIFIA. I will be happy to answer any questions.

Senator Adley: The State Bond Commission Policy and approval can you tell me what that policy is and it relates to the swaps.....

Meredith Hathorn: In order for any resolution of any public body to put on the agenda, the Bond Commission, this paragraph must be in the resolution. It is an acknowledgement of the underlying borrower, such as the LTA, that they understand the State Bond Commission Swap Policy, and that information has to be disclosed to the State Bond Commission and has to be approved. At some point there were swaps that were done that were not subject to Bond Commission approval and this was done in reaction to that. So even when there is no intention to have a swap you must have that.

Senator Adley: Does that include the fees associated with a swap?

Meredith Hathorn: Yes, if you are going to be disclosing them. Clearly in this deal there will never be a swap on this transaction. That is their policy.

Senator Adley: The fees associated with this, if any, are what?

Meredith Hathorn: There will be cost of issuance and we are still in the process of figuring those out. The Federal Government has a lot of requirements when you are doing certain loans. We will have to come back to you to show you all those fees.

Senator Adley: Will you bring us a fee schedule?

Meredith Hathorn: Absolutely.

Rep. St. Germain: Do you we have a motion to accept the resolution? Ray Stockstill that we move the resolution forward. No objection. So moved. Next will be the presentation of the status of the toll collection system.

Eric Kalivoda: Deputy Secretary at DOTD.

**SEE: STATUS REPORT ON LA 1 TOLL OPERATIONS**

Senator Chabert: Mr. Henri Boulet (LA 1 Coalition) do you have any comments on the presentation?

Henri Boulet: Great, great news on the financing news on the earlier presentation that Mr. Bridges and the Department have worked on and we are very encouraged and generously agreeing to putting toll takers out there. It is helping tremendously. I don't believe we have had a backup since you have done that full time. So I want to thank the Secretary and the staff for that. It will be fine for the tarpon rodeo. I believe people know there is a toll taker out there and they are getting used to having their cash ready and we anticipate things going well.

Senator Chabert: In reference to the lane extension, that is something Rep. Gisclair and I thought was a very important issue that needed to be addressed. The Secretary handled it in a very timely fashion. For those not familiar with that area, the major problem with the backup was the overwhelming volume of traffic of these large trailer trucks (especially if you have 3 in a row) going to Fourchon and if the lane isn't big enough you cannot literally pass. So the extension of this lane has greatly impacted the toll booth. Now people can go around with the Geaux Pass. It is very efficient and I want to thank the Secretary for her leadership on this. We had a very good trial run this past weekend with the Fourchon Oilman's Rodeo held at Fourchon. We did not receive one complaint. This is a high volume event and not one phone call.

Henri Boulet: I would like to thank the Department and hope you are going to work with the people regarding on the violation notices specifically the administrative fees. I run across people in my neighborhood and many of them stem from an expired credit card. I would appreciate everyone a chance. It a learning experience and they didn't realize they had to bring their new credit card in. They are learning through this process that they are more than willing to pay any tolls that they owe. They know this project is important and it is important to get the money to retire the bonds. Anything DOTD can do to give them a chance and waive the as much as you can of the administrative fees as a one time learning experience and note it. That would be very much appreciated. Thank you.

Rep. Gisclair: Everyone basically covered our problems. Senator Chabert's and my office are bombarded with calls and they are getting fewer and fewer. It's the administrative costs and penalties that are accumulated and the notification process is getting better, but we are still getting the nightmarish stories of the old appeal process. I am hoping that going forward that the new process and working with the individuals will help. It would really appreciated by the public.

Rep. St. Germain: Good news that they stayed on top of addressing it. We thank DOTD and the Secretary.

Secretary LeBas: I want to tell my thank you too. I just want to thank you for the partnership and being patient. It's been quite a process for us to get this up and running better and we know we still have some work to do. I appreciate the phone calls when there is a problem and that we can quickly fix it and also want to thank my staff for their hard work on this and the LA 1 Coalition. Thank you for the partnership and we will continue to work together.

Rep. Gisclair: The feedback on the rate increase was minimal to our office. But people see the improvements that you guys are doing and it has been neutral. The deep water drilling is really kicking in and I see the traffic on a daily basis and the stress being put on the highways feeding Fourchon will be an issue in the future.

Rep. St. Germain: It has been a learning experience as we go. Usually we do get call when anything rises in cost but the opposite side of that is they see where it's going.

**VI OTHER BUSINESS**

Rep. St. Germain: Any other questions or business?

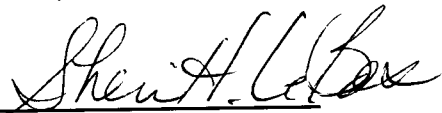
**VII PUBLIC COMMENTS**

Rep St. Germain: Any public comments?

**VIII ADJOURNED at 10:40 a.m.**

Rep. St. Germain: Rep. Morris motions for the meeting to adjourned and Secretary Lebas seconded the motion. Thank you members. This was a great meeting.

Respectfully submitted,



Sherri LeBas  
Secretary-Treasurer

DATE APPROVED 10/11/13