

LOUISIANA TRANSPORTATION AUTHORITY
PUBLIC MEETING

Held on Thursday, December 17, 2020
before Caroline D. Escude', Certified Court
Reporter in and for the State of Louisiana
At the State Capitol Building
John J. Hainkel, Jr. Room
900 North Third Street
Baton Rouge, Louisiana 70802.

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APPEARANCES :

Members :

- CHAIRMAN SENATOR RICK WARD, III
- JASON P. AMATO
- SENATOR PATRICK P. "PAGE" CORTEZ
- BARBARA GOODSON
- CHRISTOPHER MATTHEW JOHNS
- REPRESENTATIVE VINCENT J. PIERRE
- SHAWN D. WILSON, PH.D.
- MANDI D. MITCHELL

Also Appearing :

- BARRY KEELING, UNDERSECRETARY, DOTD
- DEIDRE ROBERT, EXECUTIVE COUNSEL, DOTD
- LESLIE MCDANIEL, ADMINISTRATIVE ASSISTANT, DOTD
- MEREDITH HATHORN, FOLEY & JUDELL

Reported by :

Caroline D. Escude', Certified
Court Reporter No. 91182 in and
for the State of Louisiana

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PROCEEDINGS

(Commencing at 10:33 a.m.)

CHAIRMAN WARD:

All right. It looks like we have a quorum, so we're going to go ahead and get started. Madam Secretary, if you could call the roll, please?

MS. MCDANIEL:

Mr. Amato?

MR. AMATO:

Here.

MS. MCDANIEL:

Senator Cortez?

(No response.)

MS. MCDANIEL:

Ms. Goodson?

MS. GOODSON:

Here.

MS. MCDANIEL:

Mr. Johns?

MR. JOHNS:

Here.

MS. MCDANIEL:

Ms. Mitchell?

MS. MITCHELL:

1 Present.

2 MS. MCDANIEL:

3 Mr. Perez?

4 (No response.)

5 MS. MCDANIEL:

6 Representative Pierre?

7 REPRESENTATIVE PIERRE:

8 Here.

9 MS. MCDANIEL:

10 Senator Ward?

11 CHAIRMAN WARD:

12 Here.

13 MS. MCDANIEL:

14 Secretary Wilson?

15 MR. WILSON:

16 Here.

17 MS. MCDANIEL:

18 We have a quorum.

19 CHAIRMAN WARD:

20 All right. Do I have a motion to adopt
21 September 11th's minutes?

22 REPRESENTATIVE PIERRE:

23 So moved.

24 MR. WILSON:

25 Second.

1 CHAIRMAN WARD:

2 Hearing no objection, the minutes from the
3 September 11th meeting will be adopted.

4 New business, so we can go right into it.

5 MR. KEELING:

6 Okay. Thank you for giving us the
7 opportunity to come here to present the proposal
8 for the bond refunding for the LTA bonds for LA1.
9 My name is Barry Keeling. I'm the undersecretary
10 for the Department of Transportation and
11 Development and we'll go right into the brief.

12 And please let me know if you have any
13 questions along the way. This will be the agenda
14 that I'll be following. It's just the purpose, the
15 team, the structure, a little bit of a refunding
16 update and then what we're requesting.

17 The purpose is basically just to request a
18 resolution for the final approval to refund the
19 existing LTA Series 2013 bonds and take advantage
20 of the favorable public market bond rates that are
21 out there and to reduce the State's debt service
22 obligations with no extension of existing
23 maturities.

24 Just as a reminder, the LTA Funding Team's
25 financial advisor is Lamont, Bond Attorney is Foley

1 & Judell and the Underwriters are Wells Fargo and
2 Blaylock Van.

3 The bond structure of the LA1 bonds are
4 the public market bonds, the TIFIA, rural TIFIA and
5 the standard TIFIA. What we'll be talking about
6 today are the public market bonds, the 2013A
7 series. We're estimating that the coupon rate is
8 about 3 percent as compared to the existing 4.72
9 percent and that results into a PV savings of about
10 7 percent.

11 In FY20 the State paid approximately 2.9
12 million dollars towards the 8 million dollar debt
13 service. The revenue shortfalls are expected to
14 continue and starting in 2023 those debt service
15 increases from 8 million to 8.5 million and then
16 increases again in 2028 to 9.2 million.

17 So the 2013 series public market bonds
18 will be refunded to a 2021A public market bonds.
19 The net savings will be -- realized will be about
20 3.4 million dollars with that 7 percent savings.

21 The last time we were here we did talk
22 about potentially refunding the 2013Bs and Cs, but
23 after having some conversations with TIFIA they
24 were going to require us to refund the 2013Bs, the
25 rural TIFIAS as a standard TIFIA. That became

1 economically not feasible to do that and that
2 resulted in a loss of about 10 million dollars
3 worth of savings. So we're better off just leaving
4 those bonds -- those loans in place and just
5 redoing the public market bonds. So that's the
6 reason why we're not going to do the 2013Bs and Cs.

7 The bond refunding schedule, we had the
8 meeting -- the last meeting where we had a
9 preliminary approval of a resolution for September
10 11th and then on October 15th we met with the State
11 Bond Commission and got their approval and we're
12 back here today to get the final approval from LTA
13 to refund the 2013A series bonds.

14 Tomorrow we have on the schedule to do a
15 due diligence call with the underwriters. On the
16 21st, which is Monday, we will post the preliminary
17 official statement. We will price the bonds
18 January 7th and we're projecting a closing around
19 January 21st.

20 The required action that we're asking for
21 is to pass a resolution for final approval to
22 refund the LTA 2013 series bonds, the public market
23 bonds. This authorizes the chairman and the
24 secretary to complete all of the necessary bond
25 documents. No other approvals will be required,

1 but we will report the results as we complete the
2 pricing and close out the bonds with the closing.

3 We will complete the bonds with the
4 established parameters approved by the Bond
5 Commission from the 2000- -- or the September 11th
6 meeting. It will be updated today at December 17th
7 and then we will also have the approval of the
8 municipal advisors to ensure that we have
9 appropriate savings to close the deal on the bonds.

10 Subject to any questions, that concludes
11 the brief.

12 CHAIRMAN WARD:

13 Well, just to clarify so we make sure it's
14 clear, this is -- this is for a net savings,
15 correct?

16 MR. KEELING:

17 That is for a net savings. We're
18 estimating on -- where we ran the numbers -- around
19 3.4 million dollars. That's a 7 percent savings on
20 the debt service.

21 CHAIRMAN WARD:

22 So a significant savings?

23 MR. KEELING:

24 Yes, sir.

25 CHAIRMAN WARD:

1 And I do see a question from Mr. Amato.

2 MR. AMATO:

3 Thank you, Mr. Chairman. So, first of
4 all, we appreciate the stewardship of our public
5 dollars. Good job there. Out of curiosity, on the
6 2013B and C, the refinancing, was that a surprise,
7 TIFIA changing the rules or whatever?

8 MR. KEELING:

9 They really didn't change the rules. It
10 was just a negotiation that we had. We knew that
11 was potentially going to be a problem. If you look
12 at the current indentures out there under the
13 agreements that we have, the current rules did
14 require us to -- if we make any changes to the
15 TIFIA loans, they're requiring us to pay off the
16 rural loan first because it is a lower interest
17 rate. We were asking an exception not to do that,
18 which -- and the benefit to them would have been it
19 would have reduced their exposure and debt service,
20 but they weren't willing to make that exception for
21 us.

22 MR. AMATO:

23 Thank you. I appreciate it. Thank you,
24 Mr. Chairman.

25 CHAIRMAN WARD:

1 All right. It looks like the board is
2 clear. Does anybody have any other thoughts or
3 comments? Again, I think it's a great thing when
4 we take these steps to save. You know, sometimes
5 it's a -- it's a significant process to save money,
6 but it's worth it. 3.2 or so million dollars is
7 significant and anytime we do that I think it's a
8 step forward in terms of public trust and our
9 handling of their money, so we appreciate y'all
10 taking the steps to do this.

11 MR. KEELING:

12 We can review the resolution if you'd like
13 us to.

14 CHAIRMAN WARD:

15 Yeah. Absolutely.

16 MR. KEELING:

17 Okay. Meredith, come up.

18 MS. HATHORN:

19 Good morning. Meredith Hathorn of Foley &
20 Judell, bond counsel. So, again, just to reiterate
21 what Barry was saying is that we do have final
22 approval. We will not be coming back to you with
23 any further approvals, but we will be reporting to
24 you.

25 The resolution does provide -- it still

1 provides for the possibility of refunding the TIFIA
2 bond. Hope springs eternal. Our fact pattern did
3 not meet anything else that they had ever really
4 had to deal with as well, so there are different
5 fact patterns that they had some ability to do
6 things. So we never -- you know, they might change
7 their minds. So if they do, we want to be able to
8 quickly take advantage of anything that they --
9 that they say.

10 So your resolution does have the maximum
11 parameters of the dollar amount. It has the
12 parameters for the no extension and the maximum
13 interest rate of 6 percent. That is just a -- kind
14 of a random cap that we put on there, but, again,
15 it's with the expectation that we will not do this
16 deal unless we meet the State Bond Commission
17 guidelines, the Division of Administration is okay
18 with it and the municipal advisor also makes a
19 recommendation that we do the transaction.

20 As you know, these bonds are supported
21 solely by those appropriations by the Division of
22 Administration, so they care deeply about anything
23 that we are doing and so we will not be doing a
24 transaction without their approval.

25 The other thing that this resolution does

1 is it authorizes the execution of all of the
2 appropriate documents. As you can imagine, there
3 are cooperative endeavor agreements with the
4 Division. There are documents underlying that
5 cooperative endeavor agreement with TIFIA that
6 requires the tolls to be used to reimburse the
7 Division for any appropriations that they're making
8 to the extent that there are tolls available. And
9 then we're also providing for the payoff of the
10 2013 bonds.

11 So in restructuring and refunding these
12 deals, we have to pretty much amend every original
13 document that we did in order to change the 2013A
14 bonds to the 2021 bonds and have a new schedule so
15 that the Division clearly will be able to realize
16 those savings that we are producing here.

17 So I think with that I would be happy to
18 answer any questions, but, again, it does authorize
19 the chairman and the secretary to sign documents.

20 CHAIRMAN WARD:

21 Okay. Ms. Mitchell has a question.

22 MS. MITCHELL:

23 Yes. Mr. Chairman, just at the
24 appropriate time I was going to make a motion to
25 approve the resolution for final approval to refund

1 the public market bonds.

2 CHAIRMAN WARD:

3 Okay. Well, perfect. Well, I think it's
4 -- this is the appropriate time as the board
5 appears to be clear. So hearing that motion and
6 there's no objection, the resolution is approved
7 and we can move --

8 MS. HATHORN:

9 Thank you.

10 CHAIRMAN WARD:

11 -- y'all can move forward.

12 MS. HATHORN:

13 Great. Thank you so much.

14 CHAIRMAN WARD:

15 So thank you so much for the hard work in
16 bringing this in front of us and we look forward to
17 continuing to work with y'all on other similar
18 issues going forward.

19 MR. KEELING:

20 Thank you very much. We appreciate
21 everybody's time today and -- to help us get this
22 through the process.

23 MS. HATHORN:

24 Thank you.

25 CHAIRMAN WARD:

1 Good deal. Oh, I'm sorry. I didn't see.
2 Secretary Wilson?

3 MR. WILSON:

4 Mr. Chairman, I just want to publicly
5 thank the Division of Administration for
6 reallocating those savings to the Department of
7 Transportation that's going to be a result of this
8 change.

9 I just wanted -- I just wanted Barbara to
10 hear me ask for the money that we're saving to come
11 back to DOTD for other projects.

12 CHAIRMAN WARD:

13 Well, look, while I may not have a say, I
14 certainly think whenever a department figures out a
15 way to find savings, they ought to be able to see
16 those savings used.

17 MR. WILSON:

18 Here, here.

19 CHAIRMAN WARD:

20 So, anyway --

21 MR. KEELING:

22 Thank you.

23 CHAIRMAN WARD:

24 All right. Well, it looks like we are
25 done with our business unless there's any public

1 comments that would be had. Seeing that there are
2 none, I'll take a motion to adjourn.

3 MR. WILSON:

4 So moved.

5 CHAIRMAN WARD:

6 All right. We are adjourned.

7 (End of proceedings at 10:45 a.m.)
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1 R E P O R T E R ' S C E R T I F I C A T E

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I, Caroline D. Escude', Certified Court Reporter, Certificate #91182, in and for the State of Louisiana, as the officer before whom this proceeding was taken, do hereby certify that the testimony hereinbefore set forth in the foregoing 16 pages on December 17, 2020 was reported by me in stenographic machine shorthand, was prepared and transcribed by me or under my personal direction and supervision, and is a true and correct transcript to the best of my ability and understanding; that the transcript has been prepared in compliance with transcript format guidelines required by statute or by the rules of the board and that I am informed about the complete arrangement, financial or otherwise, with the person or entity making arrangements for deposition services; that I have acted in compliance with the prohibition on contractual relationships, as defined by Louisiana Code of Civil Procedure Article 1434 and in the rules and advisory opinions of the board; that I have no actual knowledge of any prohibited employment or contractual relationship, direct or indirect, between a court

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6 this matter.

7 This certification is valid only for a
8 transcript accompanied by my original signature and
9 original required seal on this page.

10 Signed: January 4, 2021

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Caroline D. Escude', CCR #91182

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