



STATE BOND COMMISSION

December 14, 2017

Local Political Subdivisions - Bonds - Final Approval

SYNOPSIS

APPLICATION NO: L17-426
ENTITY: Caddo Parish, City of Shreveport
TYPE OF REQUEST: \$50,000,000 Refunding Bonds
ANALYST: Stephanie Blanchard

SUBMITTED BY:
Alex Washington, Washington & Wells

PARAMETERS:
Not exceeding \$50,000,000 General Obligation Refunding Bonds, not exceeding 5%, mature no later than August 1, 2031, refunding, readjusting, restructuring and/or refinancing all or a portion of General Obligation Bonds, Series 2011.

LEGISLATIVE AUTHORITY:
R.S. 39:1444-1456

RECOMMENDATION:
The Staff recommends approval of this application.

- ATTACHMENTS:**
- ☐ **Analysis Summary**
 - ☐ **Approval Parameter Form**
 - ☐ **Fee Comparison Worksheet**



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ANALYSIS SUMMARY

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This advance refunding will be an Economic Refunding providing debt service savings benefits to the Issuer.

The Series 2011 bonds being refunded were originally issued for constructing, acquiring, and/or improving water and sewer system and appurtenances, highways, bridges and drainage systems and appurtenances, public facilities and equipment for parks and recreation, public buildings, and police, fire and finance departments, and acquiring necessary land, equipment and furnishing.

Original Asset Life:

The final maturity date of the bonds being refunded is August 1, 2031. The issuance of refunding bonds will result in the same maturity.

Interest Rate Reduction:

Interest rate on outstanding Bonds	5.0%
Estimated interest rate on Refunding Bonds	5.0%

Present Value / Future Value Savings:

Average Annual Savings	\$183,284
Estimated Total Gross Debt Service Savings	\$2,565,975
Sinking/Reserve Fund Transfer Amount	\$0
Estimated Net Present Value Debt Service Savings	\$2,042,806
Net Present Value Savings as % of Refunded Principal:	3.974%

The redemption provisions reflect the bonds being refunded are callable on August 1, 2021, therefore this level of current value savings falls within SBC guidelines.

Estimated Millage Requirement:

Current Millage	16.28
Projected Millage Reduction	<u>2.27</u>
Total Millage After Refunding	14.01

Debt schedules reflect the millage rate decreases to 12.02 in 2019 and 7.56 in 2020 then decreasing to 4.84 in 2023, and thereafter.

Selection Method: Negotiated
Purchaser: Loop Capital
Terms:
 Interest Rate: Not exceeding 5%
 Maturity: No later than August 1, 2031
Security: Unlimited Ad Valorem Taxes

It should be noted that due to liquidity issues, Moody's downgraded the City in August from A2 to A3 assigning a negative outlook. The Refunding Bonds will be secured by unlimited ad valorem taxes and will be transferred to a sinking fund which will only legally be responsible for debt service on the Bonds.



**LOUISIANA STATE BOND COMMISSION
APPROVAL PARAMETERS - BONDS / LOANS**

SBC Tracking # L17-426
Agenda Item # 6

Applicant: *

City of Shreveport, State of Louisiana

Parameters / Purposes: *

Not exceeding \$50,000,000 General Obligation Refunding Bonds, not exceeding 5%, mature no later than August 1, 2031, refunding, readjusting, restructuring and/or refinancing all or a portion of the General Obligation Bonds, Series 2011.

Citation(s): *

R.S. 39:1444-1456

Security: *

Unlimited Ad Valorem Taxes

As Set Forth By: *

Resolution adopted by the Shreveport City Council on November 28, 2017.

Subject To:

It is the policy of the State Bond Commission that all attorneys' fees involved in this matter must be approved by the Office of the State Attorney General prior to payment. Although this is not a conditional approval of this application, failure to obtain such approval may result in conditional approval of such application by the State Bond Commission in the future.

**STATE BOND COMMISSION
FEE COMPARISON WORKSHEET**

Agenda Item # 6

	Firm/Vendor	Paid From Proceeds Y / N	\$50,000,000 L17-426 Caddo Parish, City of Shreveport Refunding Bonds December 14, 2017		\$65,000,000 L16-270 Orleans Parish, City of New Orleans Refunding Bonds August 18, 2016	
			\$ Amount	\$ Per Bond	\$ Amount	\$ Per Bond
ISSUANCE COSTS						
Legal						
Bond Counsel	Adams & Reese LLP	Y	45,200	0.90	66,523	1.02
Co-Bond Counsel	Washington & Wells Law Firm	Y	45,200	0.90	33,128	0.51
Issuer Counsel				0.00	25,000	0.38
Co-Underwriter Counsel				0.00		0.00
Preparation of Official Statements				0.00	15,000	0.23
Disclosure Counsel	Joshua K. Williams, Esq.	Y	32,500	0.65		0.00
Purchaser Counsel				0.00		0.00
Trustee Counsel	TBD	Y	7,500	0.15		0.00
Escrow Trustee Counsel				0.00		0.00
Total Legal			130,400	2.61	139,651	2.15
Underwriting						
Sales Commission				0.00	300,000	4.62
Management Fees	Loop Capital	Y	10,066	0.20		0.00
MSRP/CUSIP/PSA		Y	5,000	0.10		0.00
Takedown		Y	244,073	4.88		0.00
Day Loan		Y	10,000	0.20		0.00
Underwriter's Counsel	Dentons/Jacqueline Scott	Y	65,250	1.31	75,000	1.15
Total Underwriting			334,389	6.69	375,000	5.77
Credit Enhancement						
Bond Insurance	TBD	Y	205,000	4.10	420,000	6.46
Letter of Credit				0.00		0.00
Surety				0.00		0.00
Total Credit Enhancement			205,000	4.10	420,000	6.46
Other						
Publishing/Advertising	Shreveport Times	TBD	2,500	0.05	5,000	0.08
Rating Agency(s)	Moody's and S&P	Y	75,000	1.50	100,000	1.54
Insurance				0.00		0.00
Bond Commission	SBC	Y	24,275	0.49	29,525	0.45
Issuer Financing				0.00		0.00
Municipal Advisor	The RSI Group	Y	72,250	1.45	97,650	1.50
Trustee				0.00		0.00
Escrow Trustee	Regions Bank	Y	5,000	0.10	2,500	0.04
Paying Agent	Regions Bank	Y	7,500	0.15	1,000	0.02
Feasibility Consultants				0.00		0.00
Other Consultants				0.00		0.00
Printing of POS & OS	I-DEAL	Y	8,000	0.16	5,000	0.08
Escrow Bidding Agent	Springsted Investment Advisors	Y	18,000	0.36	3,000	0.05
Scanning Transcript to CD				0.00	3,000	0.05
Escrow Structuring				0.00	20,000	0.31
Cash Flow Verification	Grant Thornton LLP	Y	5,000	0.10		0.00
Other				0.00		0.00
Total Other			217,525	4.35	266,675	4.10
TOTAL ISSUANCE COSTS			887,314	17.75	1,201,326	18.48