



Shreveport City Council

April 15, 2010 - Special Meeting Proceedings

The Special Meeting of the Shreveport City Council was called to order by Chairwoman Joyce Bowman at 1:30 p.m., Thursday, April 15, 2010, in the Government Plaza Chamber, 505 Travis Street, Shreveport, Louisiana.

Invocation was given by Councilman Wooley and the Pledge of Allegiance was led by Councilman Walford.

On Roll Call, the following members were Present: Councilmen Calvin Lester (1:40), Monty Walford, Michael Long (1:33), Bryan Wooley, Ron Webb, Joe Shyne and Joyce Bowman. 7.

Chairwoman Bowman: At this time is there anyone in the Chamber that would like to come forward and address the Council on this issue? If so, you are allowed to do so at this time. Mr. Thompson, do we go strictly to this resolution or is there a place before this were discussions can be made.

Mr. Thompson: Well, normally the resolution would be read, there would be an opportunity for a motion and a seconded and then discussion.

Chairwoman Bowman: That's normally, this ain't normal conditions, so what do you suggest?

Mr. Thompson: That's what I would suggest.

Chairwoman Bowman: I guess somebody can make a motion.

Councilman Webb: Okay well, I'll make a motion to postpone the resolution approval.

Having passed first reading on November 9, 2009 was read by title, and on motion, ordered passed to third reading. Read the third time in full and as read motion by Councilman Webb, seconded by Councilman Wooley to postpone.

Resolution No. 49 of 2010: Declaring the intention of the City of Shreveport (The "City") to proceed with a financing plan and to hire professionals in conjunction with the placement of the \$40,980,000 Louisiana Local Government Environmental Facilities and Community Development Authority Bonds (Shreveport Convention Center Hotel Project), Series 2008 with Wells Fargo Bank, N.A. (The

“Placement”), making such modifications to the bond documents as required to effectuate the placement, making notification to the Louisiana State Bond Commission for approval of related fees, and otherwise providing with respect thereto.

Councilwoman Bowman: Let me find out something first. Our meeting was to start at 1:30, where are the financial people.

Mr. Sibley: They are on the way down, Madame Chair.

Councilman Wooley: Madame Chair, I had a number of questions which I sent to the administration yesterday and they have only been partially answered. So I would certainly concur with Mr. Webb. If we have to address it next week, we'll address it next week but I'm not prepared to vote at this time.

Mr. Sibley: Madame Chair, if I may, we are prepared to answer those questions if the Council would like.

Chairwoman Bowman: Okay. Thank you all for coming.

Mr. Sibley: We are just a little unsure of the procedure here this morning, Madame Chair but if I may, first of all (cell phone ringing) –

Councilman Walford: Madame Chairman, remember that statement you need to make at the beginning of the –

Chairwoman Bowman: I think I'm going to have to start back making that statement.

Mr. Sibley: First of all, Madame Chair, we want to thank the Council for calling this special meeting so we have an opportunity to look at this resolution. As we indicated in the Council meeting and in the small briefings, it is important for us to ask you guys to meet today to really try and resolve this situation because with this particular refinancing — remarketing, based on the previous discussion we've held, we all agreed including you guys as the Council that going with the option identified – I'll identify as the Wells Fargo option, was in fact the best option for the City in terms of terms, cost and benefit to the City. Our concern was if we did not get some direction from the Council, resolution of that matter so we could finalize with Wells Fargo this week that we would not have Wells Fargo as an option. In that case we have to go to some of those other options that we discussed, you know, two, three, and four that dealt with again, looking at a letter of credit, looking at some other institutions, so we want to try and get this resolved so that we could go forward with what we all agree is the best deal for the City. The issue that was raised on Tuesday that caused the Council to postpone that, had to do with the arrangement of the flow of funds, particularly going into a trustee account that was at a bank that the Council was uncomfortable with that relationship, didn't quite understand what exactly that meant so we spent time trying to explain that and we are here today to be able to further explain what that arrangement means and how it impacts the City. We are prepared today to do that. We also wanted

to particularly address the questions that Mr. Walford raised. If I'm not mistaken, the revisions to the resolution have been submitted to the Council in there on the electronic agenda, I'm looking at Mr. Thompson just to confirm that.

Mr. Thompson: I don't know whether they are on the electronic agenda but we do have paper.

Mr. Sibley: We also have hard copies of it?

Chairwoman Bowman: Mr. Sibley, and I do have a correction, I don't think the Council was all that shocked whatever, in reference to the trustee situation or whatever, it was the fact that we had a meeting – work session that Monday, we got here at Tuesday at 3:00 o'clock and got down to this particular item on the agenda and it had the amendment there and we clicked on it and that's what shocked us because we knew nothing about it.

Mr. Sibley: Right.

Chairwoman Bowman: That's where the main problem was with the Council.

Mr. Sibley: Right and that's where we are today, to address that particular issue in terms of how that is structure – why structured that way and the impact of it. That was my appreciation of the issue, beyond the notice issue which I certainly appreciate and the Council has made real clear that you should have been made aware sooner of that particular arrangement.

Chairwoman Bowman: When did you know? When did you find out about this?

Mr. Sibley: The day that we discussed the term sheet with the Wells Fargo guys, which would have been – I think the special meeting was on the 12th which would have been the 10th – that Wednesday.

Chairwoman Bowman: Okay, when you found out on the 10th – is that the same day that we called the special called meeting on the 12th?

Mr. Sibley: Yes ma'am, if you recall after we spoke with them by phone on the 10th the Mayor had to respond by that Friday which I believe was the 12th I may not be sure on my dates and at that point we requested the briefings in order to get feed back from the Council before we gave the go ahead to go forward with the Wells Fargo. The special meeting was called and the meeting was to discuss that particular option and get approval, if you would, from the Council to go forward with that particular option. We discussed the option and as I indicated to some of the council members in private discussions, we did not focus on the issue of the trust – the flow of funds arrangement, I'll call it, because as we looked at it and we discussed it, it was not an issue to us.

Chairwoman Bowman: But it was an issue to us.

Mr. Sibley: Certainly we appreciate that but that's reason we talked about – if you recall we talked about the fee structure, we talked about the rates, we talked about even one of the things that I

recall pointing out particularly on the term sheet was the fees, we talked the \$50,000 due diligence fees and (inaudible) how does that work and we discussed that. As I shared with some of you, the only reason we didn't discuss that flow of funds because as we appreciate it from our advisors, from our internal finance folks, it would have no real impact on the City in terms of cost, in terms of money. Now, as we discussed and we heard from you guys, from your point of view as a council member, you see it as an issue because you – and I won't speak for you – but just as an issue of knowing that the monies were coming here first before they go somewhere else. But the only reason we didn't highlight that is because to us, in our analysis, it was not an issue that had any material impact on the transaction, that's the only reason. Everything else was discussed in terms of terms, rates, etc.

Councilman Walford: Madame Chair.

Councilwoman Bowman: Yes sir, but let me just find out one more thing that's pertinent to this. I see the bond folks here. Where is Mr. Grisby?

Mr. Sibley: He's out of town. He could not be here.

Councilwoman Bowman: He called and of course left a message on my phone last night and left a little information but I certainly want to make this statement, it amazes me when we had that \$1 million DDA bond issue we were discussing and he came to Shreveport to address that and this is \$40,980,000 and he is not here.

Councilman Walford: Well, I don't understand how these month – these deposits of all of our Riverfront funds, if you read the proposal from Wells, that's additional security. The bonds will be secured by monthly deposits of all Riverfront Fund Revenue and all Convention Center Hotel Revenue to the bond payment account with the trustee. I don't understand how anybody can think that's not an issue. You are adding an awful lot of security. In essence you are pledging funds – yeah, it's an issue.

Councilwoman Bowman: Councilman Walford, are you finished –

Councilman Walford: Only for the moment.

Councilman Webb: The special meeting y'all had, y'all received a letter, March or April 10th?

Mr. Sibley: The Council Special Meeting on the 12th?

Councilman Webb: Y'all had a letter that was –

Mr. Sibley: The commitment letter – the term sheet – that was dated March 10th.

Councilman Webb: March 10th and you had a Special Meeting.

Mr. Sibley: Yes sir. The Council had a Special Meeting on the 12th. And again if you would recall this was a matter that we requested to have a smaller briefing, the council instead called to the special meeting, that's how we had the special meeting on the 12th.

Chairwoman Bowman: That meeting was called so that everybody could hear the same thing at the same time.

Mr. Sibley: Correct.

Councilman Webb: Right now I'll hold off on any other questions.

Councilman Wooley: And like I expressed to Dale yesterday and to those who were in the room at the 3:00 o'clock meeting, for us every bit of information is important. Obviously, the way the funds are transferred are very important, you know we may not agree with that setup. And had we known that – had I known that, I'll speak for myself, on that March 12th at our special meeting two days after you received that information, you know I may not have agreed to go into an agreement with Wells Fargo, may would have recommended or requested the Administration to look elsewhere. I just think with some of my colleagues, and they can correct me if I'm wrong, we do feel like we're backed into a corner at this point to make a decision. I don't like being in that position as obviously I'm gonna look out for the welfare of the taxpayers' money but I think it is very pertinent to have that information given to us as soon as the Administration received it. It definitely would have weighed in on my decision so Mayor, I am disappointed in that, I understand your position, but do (Inaudible) disagree with how it was handled. I don't have any more comments at this time Madame Chair.

Mr. Sibley: If I may Madame Chair and again, Mr. Wooley, as I pointed out to you yesterday and several of the council members, we fully appreciate that and you know we learn as we go along the way we appreciate that we perhaps may view things from two different sides but I do want to remind us all that again this was in trying to move forward an option that we all agreed was the best option for the City. And again in discussions with you guys on yesterday an alternative was suggested and developed and we worked very hard to make that alternative a reality and we are basically prepared today to present that in hopes that it would eliminate, you know beyond the notice issues which we fully appreciate, but that it would eliminate any questions about the transaction so that we can go forward and go forward and make this deal on behalf of the City.

Chairwoman Bowman: Okay, I have a question here. At this point, how much money is budgeted out of the Casino Revenues into the General Fund, the exact amount?

Mr. Seaton: Transfer of \$11.5 Million, there is also indirect cost paid at \$52,000.

Mr. Sibley: It is a little over a million dollars a month, if I'm not mistaken Madame Chair.

Councilwoman Bowman: Exactly, because I can basically recall during the budget process when I made the statement to Mr. Seaton and others that we are going to have to find a way to stop using the riverfront gaming money to operate basically. When you take it from here and you put it there

that's what we are doing and just looking at the decline in riverboat revenues and those type issues it's just something that the City can't depend on. Now that was an issue, I mean just seeing that paid. What capital projects Mr. Seaton do you know of that we have?

Mr. Seaton: I'll have to check on that and I'll get an answer for you. I'm not aware of any that is paid specifically out of this year's Riverfront Budget.

Mr. Sibley: And Madame Chair

Councilwoman Bowman: Do you know, Sharon?

Mr. Thompson: What about this building, Rick?

Mr. Seaton: The debt service for this building is paid out of there, but that's not necessarily a Capital Project but yes the debt service for this –

Ms. Pilkinton: But it's funded with Riverfront Development Funds isn't it?

Mr. Thompson: He said it is not a Capital Project.

Ms. Pilkinton: I know that, it is not a Capital – there is a Capital Project that fixes this building.

Councilwoman Bowman: Yeah, but that is a part of what comes out of it, right?

Mr. Seaton: I'll have an answer for you in just a minute.

Mr. Sibley: And Madame Chair, if I may note, the current situation that's being remarketed has Casino and Riverfront Funds as security. That's not changing –

Councilwoman Bowman: But are all of them apart of this security?

Mr. Sibley: No ma'am.

Councilwoman Bowman: That's what this resolution said that we got, all — and let me find it and read it. *“The Bonds will be secured by monthly deposits of all Riverfront revenue and all Convention Center revenue to the bond payment account with the trustee for the monthly payments of interest.”* I'm just reading what we have.

Mr. Sibley: And the way that language has been interpreted and means in terms of the deal is that all the monies are deposited there but the security is actually one to one security. They can't keep all the monies and that's why the language that's in the resolution that's been amended and even within the term sheet, all the monies don't sit there as security, all of the monies are deposited there. The payments are paid, the rest of the money come to the City as it would ordinarily, so this isn't additional security in the sense that, that money has to sit there for any undetermined or indefinite amount of time.

Councilwoman Bowman: Mr. Seaton, what would happen if – alright, the letter of credit with Regions ends, when?

Mr. Sibley: June 1st.

Councilwoman Bowman: Okay, and Wells Fargo has to have an answer from us, when?

Mr. Sibley: We are actually trying to get them locked down by tomorrow.

Councilwoman Bowman: But it has to be by tomorrow?

Mr. Sibley: For timing purposes in terms of the whole process, yes ma'am.

Councilwoman Bowman: Have we asked Regions, for instance – we asked them the first time to extend it six months and then they did it for an additional six months.

Mr. Sibley: We got the extension, yes ma'am.

Councilwoman Bowman: Have we talked to them about an extension on –

Mr. Sibley: Well if you will recall there were, I want to say four options presented and Regions was one of those. Regions was one of the companies that the team worked with in looking at this particular situation. We still have the option of going – we still theoretically have the option of going back to Regions trying to get them to extend it or renegotiate or even moving forward with their proposal that they proposed that we agreed that Wells is the better proposal, so they are still there and that's possible but again as we discussed when we talked about this the whole letter of credit situation is much more costly and you guys as well as us expressed concerns about – I don't want to say that particular institution but I'll just say that particular situation, that particular process. So –

Mayor Glover: Madame Chair, excuse me Dale. For the sake of everyone's benefit especially for the people who are here, public and the media, let's recap what those four options and scenarios were and what their actual projected cost were. Dale –

Councilwoman Bowman: Can you hold up Mr. Mayor, just one minute before you do that. Just go on and get together over there and we'll do that. So the one that we have here with Wells Fargo, now this is for a term of four years?

Mr. Sibley: Yes, ma'am.

Councilwoman Bowman: Mike, I'm going to call on you I'm just speaking right now.

Councilman Long: I just want to get on the queue.

Councilwoman Bowman: Okay – and doing it with the four year term is less costly you're saying than what we have with the letter of credit?

Mr. Sibley: Doing it this way, even beyond the four years, cause keep in mind the term was tied to our concern including yours, with the management agreement that's tied to the hotel which based on the language in the management agreement it would be at least four years if the City want to be in the position to sell the Hotel that, that agreement – cause that agreement has some very onerous terms in it. If y'all recall, we talked about trying to terminate that agreement, the basis for terminating that agreement, so the whole idea behind the four years was to keep the City in position that if the decision is made to sell the hotel we would be in the position to sell the hotel without being tied in with some long term debt that would inhibit that. That's part of the problem now with the HRI Agreement, it appears to inhibit that a bit, so – but the letter of credit process generally, if you recall cost more because not were we paying – and I'll stand to be corrected by these guys who are experts – not only were we paying the principle and interest but we are also paying a substantial fee for the letter of credit –

Councilwoman Bowman: What's the amount we are paying for the letter of credit?

Mr. Sibley: If I recall, the max amount, I want to say \$650,000.

Councilwoman Bowman: How much?

Mr. Seaton: Last year it was between \$650,000 and \$700,000 and Madame Chair I got two other answers for previous questions if you are ready for those.

Councilwoman Bowman: Okay.

Mr. Seaton: There are no capital projects being paid out of the Riverfront Fund in the 2010 Budget and the other question about Hotel Revenues and Casino Revenues, that arrangement exists in the existing bond structure. This Wells Fargo proposal does not change that arrangement whatsoever.

Councilwoman Bowman: We understood that part; the problem was this stated, "all."

Mr. Seaton: It is "all" now.

Councilwoman Bowman: Right, "all" now. That's what I'm saying.

Mr. Seaton: That doesn't change.

Councilwoman Bowman: But it wasn't "all" in the other one.

Mr. Seaton: Since 2005, I believe. Yes ma'am.

Councilman Walford: Is that going to a trustee at the present time?

Mr. Sibley: After it comes here, yes sir. The only difference is right now it comes here first. Under this arrangement it will go there first.

Councilman Walford: That's the only difference but it's a big difference.

Mr. Sibley: I understand that but that's the difference, sir.

Councilwoman Bowman: Okay, now what are our payments going to be in the future?

Mr. Sibley: If you don't mind Madame Chair for any of the technical stuff I've got to call these guys up.

Mr. Kreutzen: The payment is the interest rate on the loan which in the term sheet is plus a 300 basis point to the four year MMD.

Councilwoman Bowman: Wait a minute, I didn't understand. Say that again.

Mr. Kreutzen: It's 3% or 300 basis point over the Thompson Municipal Market 2014 which is the four year – so every day an interest rate scale from one year out to thirty years is printed by Thompson's Financial and on the day of pricing this particular transaction we will lock that interest rate for a four year period based on the greater of 300 basis points over the four year MMD rate for 4.125%.

Councilwoman Bowman: Okay, now in plain terms.

Mr. Seaton: Madame Chair. The answer is approximately 2.1 Million per year.

Mr. Sibley: Yeah, I think she wanted dollar amount.

Councilwoman Bowman: Okay, for instances per month. What do you see the City paying per month?

Mr. Kreutzen: Approximately \$200,000

Councilwoman Bowman: The phone message from Mr. Grisby, he said that it would be like \$150,000 in interest and \$150,000 on the principal. So that would run like \$300,000 according to what he said.

Mr. Kreutzen: The way the bonds are currently structured is there is an increasing principal payment schedule, so annually that amount of principal that you'll pay down increases. So during this four year period you'll be paying the interest rate on the outstanding principal plus the principal payment based on the schedule. That principal payment is an increasing amount. This year I believe on April 1 you paid \$305,000 in principal that paid down the principal for these bonds, that amount according to the schedule will escalate over time until final maturity of these bonds in 2035.

Councilwoman Bowman: Okay, so that's with a letter of credit?

Mr. Kreutzen: That's the current bond structure whether it be a letter of credit or whether it be this

–

Councilwoman Bowman: What are we paying Regions per month that you know of, dollar wise?

Mr. Kreutzen: I'm not sure dollar wise. The way the letter of credit works is you pay an annual letter of credit fee and then on a weekly basis the interest rates adjusted according to the market.

Mr. Seaton: Madame Chair, in the year 2009 we paid letter of credit fees on this bond, \$695,704.51.

Councilwoman Bowman: That was in the year of –

Mr. Seaton: The calendar year of 2009, that's what we paid the Regions –

Councilwoman Bowman: In 2009 calendar, say that again.

Mr. Seaton: Six hundred and ninety five thousand, seven hundred and four dollars and fifty one cent (\$695,704.51).

Mr. Sibley: And that's the letter of credit fees only, not the principal and interest that it (inaudible)

Councilwoman Bowman: Okay, so – but then on a monthly basis what was it for instance on the actual –

Mr. Seaton: It is not even each month. I can read out and tell you what it was each month.

Councilwoman Bowman: Kind of do that.

Mr. Seaton: January was zero; February '09 was \$71,432.10 –

Councilwoman Bowman: Can you just kind of look over that and give me an estimation of what it might –

Mr. Seaton: It ranges from zero up to \$207,000 in October. It is not a constant number, it fluctuates.

Councilwoman Bowman: Okay, I'm going to back off now and allow some other Council members but I have a whole slew of questions that I read and looked at and needed some answers to from last night. I'm going on Councilman Long when I get through. At this point have we received anything in writing, for instance the fees, the actual fees at all cost?

Mayor Glover: Associated with this transaction that we are asking?

Councilwoman Bowman: This whole transaction. Do we have that?

Mayor Glover: We have that prepared to share with you, yes.

Councilwoman Bowman: You have it prepared to share with me.

Mr. Sibley: Madame Chairman, I showed that – for an example the FA’s fee structure is a part of their agreement that was already approved back in, I want to say ’08.

Councilwoman Bowman: Yeah, but I want dollar amounts dealing with this not just the FA but all the bond attorneys and anybody else having getting paid – any money out of this whole deal. I want to see every bit of it in writing. I think that would be the professional way to look at this.

Mr. Sibley: We can provide that Madame Chair but I can tell you the estimated fees that we have right now.

Councilwoman Bowman: Right now?

Mr. Sibley: Yes ma’am.

Councilwoman Bowman: Dealing with this?

Mr. Sibley: Yes ma’am.

Councilwoman Bowman: Okay.

Mr. Sibley: The legal fees and again if y’all recall the legal fees are set according to the schedule that the AG approves and all that, the legal fees are estimated at \$100,000 the FA fees are at a \$149,606 so approximately \$250,000 on this deal. Wells Fargo and you guys correct me is charging any fees because they are waiving any fees with this –

Councilwoman Bowman: When did they decide to do that because it says here that *“the issuer agrees to reimburse all legal fees and related charges incurred by Wells Fargo in connection with the proposed transaction regardless of whether the transaction ultimately closes or not which fees and charges are not to exceed \$50,000”*

Mr. Sibley: Right, that’s the 50,000 I was referring to earlier that we spoke of, it’s part of the due diligent period but – Tim do you want to speak to that.

Mr. Kreutzen: That 50,000 you referred to is the not to exceed number and that is part of the legal fees of the entire transaction.

Councilwoman Bowman: But see that’s the question I was asking, “all” fees.

Mr. Kreutzen: And that was part of estimated hundred thousand legal fees on this transaction. There is no placement fee or arrangement fee or any other fee that Wells Fargo is charging. They simply receive the interest rate that is set on this transaction for that four year period.

Councilwoman Bowman: Okay, now in our meeting on yesterday and Mr. Sibley when you all went back and you called them and of course we left because it was taking -- tell me exactly what transpired in that meeting. I mean when you all made the phone call to deal with Wells Fargo, did y'all make any substantial changes? Can you tell me about that?

Mr. Sibley: Yes ma'am. I was in the meeting but we got a report after and I think I got the final word right before we met with Mr. Wooley and we shared it with him but after the initial meeting an idea that if we had a local bank that we had a pre-existing relationship with our main depository bank which is Cap One, that if they, if Wells would agree that rather than, I want to say the Regions guy being the focal point we would make Cap One the focal point that, that might be a more acceptable option. They went for it, they worked with them, they talked it through and Wells agreed to do that. So the current structure and what you have in the revised resolution is that rather than it going to, I think it was going to be Regions as the depository, it would go to Cap One which is our bank which some of your colleagues indicated it would be much more acceptable to them and then from there the disbursements would go out without it being -- there is an existing relationship between the City and Cap One, they are here, we can talk to them if there are any issues, questions or whatever we got faces on the grown that we know. That was the result of that conversation that Wells agreed to do that and that was the basis for the revision because one thing y'all made very clear and we understood, that if we did not have that revision then there would be no need for us to have this meeting here today.

Councilwoman Bowman: Right. Mr. Long you wanted to speak but the Mayor want to give some options or something like that he said.

Mayor Glover: I'll yield to Mr. Long, Madame Chair.

Councilman Long: I was just going to ask the Bond Council that if -- I know there is a hang-up on that prevision of that money being basically all of Riverfront revenues going straight up to this account where they could pull out their piece of it and the rest of it come back to us as a priority order -- I was going to ask, would any of the other institution require that sort of requirement or have that sort of a stipulation in their agreement. Bill or whoever wants to address that.

Councilwoman Bowman: Give us your name for the record.

Mr. Boles: Bill Boles, Boles Law Firm, Monroe operating as Bond Council of the City, thank you, and to answer your question specifically, Councilman Long, it's negotiable but what I want to make clear is that this transaction, the structure transaction that we are dealing with is a transaction that has been set in place for awhile. What we are talking about doing is not any -- and I think Wells did not even understand that, some of the language that they sent. There is a statutory lien that has been put in place in favor of Regions and their reimbursement agreement when we did that letter of credit where they have a pledge of the Riverfront Fund.

Councilman Long: Right. So that's been in existence for a while.

Mr. Boles: Nothing changes – whether, I mean, if that doesn't occur by them holding funds or not holding funds. So that doesn't change but the flow of funds however they want the account set up and what you all have been discussing is different but that has not changed.

Councilman Long: The fact that the money is lien, there is a claim against it in any situation, whether it's here or there they are still going to have that claim, it's valid.

Mr. Boles: That's correct

Councilman Long: Okay. So I just want to make sure everybody understood that because there is no change in that arrangement other than the physical movement of cash flow of the money going from here to there as opposed to the way it has been in the past.

Councilwoman Bowman: We basically understood that part. Mr. Thompson kind of informed us, the main problem that we had was the fact that it didn't come out of where we felt it should have. For instance, the City uses Capitol One and then they were going through some trustee or somebody else, backdoor in a way, before – you see what I'm saying. Councilman Lester gave the perfect example yesterday. It's like getting your paycheck and you are buying this house through Wells Fargo but before – your paycheck has to go somewhere else first, they take it out and whatever is left over you get it back.

Councilman Lester: Nobody is going to direct deposit their check to their mortgagor and they take the payment and come back.

Councilman Walford: But we still are.

Councilman Lester: Well, the difference is and I think you and I are uniquely qualified because we started this whole deal, I mean prior to that but the concern that I had was – and not interrupting Madame Chair –

Councilwoman Bowman: No, go ahead.

Councilman Lester : Was that, grant it you had a new team, a better situation, more stability, obviously nobody wants to be associated with the whole letter of credit thing because you are completely subject to the whims of one financial institution and whatever they decided that put us in a situation where they got down graded and they said, oh, by the way you got thirty days to fix this or you got to figure out how to break this \$40 Million up into equal payments for 36 months and start doing that, so that's not something that we wanted to do. The concern that I had and I expressed yesterday and Tuesday was, if we are entering into this arrangement with Wells Fargo which I think when we had the meeting previously in March everyone agreed made the most sense given the options that we had. It was almost a situation where Wells Fargo didn't seem like they trusted us enough to pay the bill and the concern that I had was why would we go outside of what our normal banking and normal other arrangements were just for this financial institution's

comfort when they came in and did the due diligence, they recognized that there is more than enough of money to pay the debt service, I mean we get over a million dollars a month from riverboat gaming and have been getting that for a number of years, even though it is declining it is still enough to do that. I mean we get three times the note a month to pay it and have been and so why would you deal with that and so that was a concern that I had and I expressed it and I think several of us around the table expressed that. The fact that they were willing to go back and say, okay, since it – well it really doesn't matter it's an accounting thing. Well, from our perspective it makes a difference because we obviously have a fiduciary duty to make sure that even if it is for a nanosecond, we don't turn loose of City entrusted funds, even for a City obligation because I think that would be derelict on our part but now that we have a scenario where those monies are coming in to a bank where our monies are, where we have pre-existing and long term relationships not only with bonds but with our deposits and with our cash and with our retirement funds and if something were to happen and if we have a question of concern any of us can pick up the phone and get an answer, that gives me a lot of comfort that, okay we can deal with that. But I mean to present something that was completely different in terms of new players, new institutions, gave me and I can only speak for myself, a level of discomfort that would not have risen to the level of me supporting this even tough at the end of the day this is the best deal for the City from a financial standpoint but now that we have as I appreciate it, rectified that situation, you know I'm prepared to move forward and again I'm only speaking for myself because that was a discomfort that I had but Michael that's – you say semantics but you know at the end of the day those things matter because the last thing we would want to do is be guilty – you know people lie on all the time but my grandmother say, you don't what the lie be the truth and you don't want someone to say that we were not discharging our duties in a most prudent manner particularly on something that is negotiated. So, thank you Madame Chair.

Councilman Walford: It is not quite like I think Mr. Lester thinks it is. The money is still gonna go to a trustee and it's not Capital One and we don't know what the terms of the trust agreement are and what the wording of it is and depending on how it's worded they could very well stop our funds before they get to Capital One. What does the trust agreement say? It's got to be an agreement with the trustee. What does it say? What are the default terms? What could stop our money from flowing through as quickly as everybody suggesting it will?

Councilwoman Bowman: Can you answer that for us Mr. Boles?

Mr. Boles: I can.

Councilwoman Bowman: Okay, you have the floor.

Mr. Boles: There is an existing trust indenture that we executed before with Regions as the trustee, Regions is still, I believe, going to be the trustee in this unless y'all decide otherwise to change it. There will be a flow of funds changes, a collateral position doesn't change, the flow of funds changes and there will need to be an amendment to that, how those funds flow and that's part of what y'all are here to decide as a business proposition how you want that to go. But as it exists now, it's pledged by statute by law, and LCDA and so it's not possessory and unlike, a lot of states it's possessory and that's how you perfect the lien, that's not the case and they did not, in my

opinion, they did not understand that and after we spoke they understood that. But to answer your question there is an existing indenture that will need to be a slight modification that deal with those terms, how the funds are flowed and it's gotta be satisfactory to you all.

Councilman Walford: But we haven't seen it. We're expected to vote now but we haven't seen it. My concern is what happens when Charles tells us that our million dollars for this month didn't make it. They're holding it in Baton Rouge. The trustee is holding it because of so and so in the trust agreement. That was the question I asked yesterday about the trust agreement.

Councilman Lester: As I appreciate it, Monty, the trust agreement that is in effect, that we voted on years ago when the hotel is the same trust agreement that we're dealing with the difference is the flow of funds. The reason we're here today is to direct the way the flow of funds will happen. And we are empowering, if we move forward with this amendment, and directing our team to say this is how we want this to go. And as I appreciate it, this is only declaring our intention and setting the situation up. This is not the final form and content of the agreement. If you remember when we talked on Tuesday, one of the things that I said, and I think our Council made it clear, was although this is not the final deal this starts the process of getting down to the final deal and one of the reasons, 'cause I made the motion to postpone was, I don't even want to give a tacit approval to something that we could be seeing as ratifying down the line. As I appreciate it, this amendment says what this agreement is gonna be which inculcates what Mr. Sibley said and which incorporates what we said at the meeting. But in terms of asking for the final document, we are empowering them and telling them what we want the final document to be and at a later date when we finally vote to deal with this, that final document is going to come to us and that's no different than any other hundreds of bond deals that we have done, that you and I have both done for the last seven years. I mean that hasn't changed.

Councilman Walford: Well it is significantly different because our money is gonna to go to a trustee. In the past, the money, and as it is now, Charles, comes to you, correct?

Mr. Sibley: Then it goes to the trustee.

Councilwoman Bowman: He answered, yes.

Councilman Walford: So now, we're going to have our money going to a third party trustee. And my question that I still haven't got an answer to is, what happens the day that Charles tells us we're short in the General Fund by \$2 million because the trustee is holding our funds in accordance with "X" wording in the trust agreement. We've never had to give the money to a trustee before. So, what is the wording in the trust agreement? What would constitute default? What would keep that money from passing through as is explained in the 24 hour period?

Mr. Sibley: Just a couple of things I want to be sure we're keeping –

Councilwoman Bowman: I want to make sure his questions are answered.

Mr. Sibley: Yes ma'am, this is apart of it. These are current bonds; there is a current structure in place. Regions is the current trustee already. There is an indenture agreement, all that stuff already exist. What Wells wanted to do was have the money go directly to Regions as the trustee and the trustee would then disperse the payment and the payments are identified, they are identified. They cannot under the agreement hold all the money, just hold it. Secondly, and we'll make sure Mr. Walford, we'll make sure that we get the copy of that –

Councilman Walford: What would constitute default or what would give them the right to hold on to more than the current payment.

Mr. Sibley: We'll ask Mr. Boles to address that but the second part I wanted to say, the Regions trustee is still there at the suggestion of the Council who indicated, some members indicated if we had our bank plugged into that process we might hold our nose and say okay to this particular process. Our bank is Cap One. The monies would go to Cap One before they go to the trustee at Regions.

Councilman Walford: That's not the way I read it.

Mr. Sibley: I don't know whether you are looking at the term sheet or the revised or both.

Councilman Walford: I'm looking at the revised. *Those funds which arise from the City's receipt of funds from the operating profits of the hotel to be paid to the trustee of the bonds by having those funds deposited into a control account with Capital One*, then a hundred percent goes to the trustee; and then it comes back to Capital One?

Mr. Sibley: No sir. The payment that's owed to the trustee goes to the trustee; the other money goes into our account.

Councilman Walford: So the only difference – let me simplify this to make sure – and it has been a long time since I was in school. So are you telling me that Capital One is going to have all of the funds from the Riverfront as they do now when Charles deposit it and the only part that is going to the trustee is what he has been writing a check thus far to the trustee. I'm I understanding? I'm bringing it down simple. Nothing more is gonna go to the trustee from our Riverfront fund than the payment for that month? Am I right? Doesn't sound like it but –

Mr. Boles: The trustee is only going to be able to allow – take out what's due under the bond.

Councilman Walford: How are they going to take it out if Capital One is only sending them what's due? Capital One is having to send them a hundred percent, right?

Mr. Boles: It's going to be in Capital One but it's going to be a trustee account for the bond and –

Councilman Walford: So essentially we have the Regions trustee account and a Capital One.

Mr. Boles: I'm sorry.

Councilman Walford: Are we going to have two trustee accounts?

Mr. Boles: No.

Councilman Walford: So Capital One is going to be the trustee?

Mr. Boles: No.

Councilwoman Bowman: Okay, well explain it to us.

Mr. Boles: They will maintain the account at your bank, Capital One but the trustee will have that as a trust account to make the payment on the bond.

Councilman Walford: Okay, let me back it up and get simple again. How much of our money, of our Riverfront and Hotel Funds are going to go through the Regions trust account every month, a hundred percent?

Mr. Boles: Pursuit to this, what they are proposing, yes.

Councilman Walford: That's what I've been trying to get.

Mr. Thompson: Apparently, Mr. Boles is not aware of what the amendment says.

Councilman Wooley: Can someone answer the question?

Mr. Thompson: Could I read the amendment –

Mr. Boles: It would be the amount due. It will be –

Councilman Walford: That's what I'm trying to get. So nothing more will go from Capital One to the trust account then what's due for the month. It would be a wire instead of a check.

Mr. Boles: That is correct. It will be one month worth of interest and one twelfth of principal will be paid from the Capital One account to the trustee

Mr. Sibley: And that was our understanding, that's what the intent of the language was supposed to do.

Councilman Walford: I think that's what Calvin wanted to yesterday but –

Mr. Sibley: Exactly and that's what we expect the language to do.

Councilman Walford: I just had to get down simple to understand.

Mr. Sibley: We are in the same boat, Mr. Walford.

Mr. Washington: Mr. Walford, if I may, I'm Alex Washington speaking for the Bond Team. One of your concerns on yesterday was dealing with Regions Bank and whether or not the entity if they become insolvent, what would take place, will the City lose their money with the Regions Bank as trustee holder of funds but documents in 2005 specifically addressed that issue. If a trustee becomes insolvent we have the option of removing that trustee and putting someone else in that position and that was in the original structure from 2005.

Councilman Walford: Well they would also probably be absorbed by someone they wouldn't just go away like so many financial institution like WaMu somebody would take it over and then we would have the choice to stay on with them or moving, right?

Mr. Washington: Right, but we would basically deal with the documents specifically –

Councilman Walford: I don't care now. If they are only gonna get the monthly payment, it's not an issue. It's just when they are getting all of our money.

Councilwoman Bowman: But that the way it was originally presented.

Mr. Washington: It's already addressed. If they become insolvent, it's already addressed in the original structure.

Councilman Long: Madame Chair, what are our concerns now?

Councilwoman Bowman: Our main concern Councilman Long – the main thing that irritated and that bother the majority of this council was that a meeting was called on March 10th in which, number one, the Chairman of the Council knew nothing about it and number two, when I heard about that we were going to section off, that was the plan, to meet on March 12th, everybody that I talked to wanted to meet together to hear everything at the same time. When we met at the time this information was not revealed to us. This bond agreement and information from Wells Fargo was not presented during that special meeting, when we looked on the agreement “bam” on Tuesday. I know you had the privilege of attending that meeting on the 10th and that was – I mean even then the Chairman of Audit and Finance, it wasn't even given to us in a report. So, you know it was quite a bit more involved in this other than the main surprise that we saw on this agenda on Tuesday, that amendment and that prompted a lot of this. Councilman Webb, are you ready? I thought you had another –

Councilman Webb: Well, I still haven't heard them discuss the difference in where they are amending the third “Whereas,” the difference in the amounts. How we are arriving in at \$305,000 less.

Mr. Sibley: I'm sorry Mr. Webb –

Mr. Webb: Amendment number two where it says, paragraph two, it says amend the third “Whereas” paragraph to add the amount of the present principal balance of the bonds, the whole amount changes.

Councilwoman Bowman: Mr. Sibley, see when we got the agenda on Tuesday, it had – I think it had \$40,980,000 now it's down to –

Mr. Sibley: Right and you guys had that same issue before. When the resolution is put in the notes in the amount of the original issue but as things are paid that number changes and in this case it went down. So this is corrected to what the actual amount is as of now.

Councilwoman Bowman: Okay what happened to make it drop from Tuesday until today?

Mr. Sibley: The original resolution is based on the original amount.

Councilwoman Bowman: Okay but the original amount that we have is \$40,500,000

Mr. Sibley: Nine-eighty was it or five hundred –

Councilman Webb: Nine-eighty

Councilwoman Bowman: I mean what you gave us Tuesday had \$40,980,000

Mr. Sibley: That's where it's has been from the beginning

Councilman Webb: Today it says five seventy-five

Mr. Sibley: And I'll ask Charles to speak to that.

Mr. Madden: We made debt service payment on April 1st of this year of \$305,000. So the actual outstanding debt is now \$305,000 less than what it was –

Mr. Sibley: Right. It reflects the payment.

Councilman Webb: Than what it was two days ago.

Mr. Sibley: No, when it was first introduced, Mr. Webb.

Councilman Webb: Okay.

Councilwoman Bowman: Did you all tell us that you got quotes from other banks on letters of credit. Where those –

Mr. Sibley: No, proposals. We have proposals that discuss this situation with other institutions including a couple of local institutions. I don't know how much – for an example the institution we have been referring to that is our depository institution basically said, kind of well, y'all got a lot with us so we really don't want to touch this right now. So there were several institutions that –

Councilwoman Bowman: But there was nothing that – did you all try to negotiate something with them so that we could get to where we are with these folks.

Mr. Sibley: Yes ma'am. The FA team and the Bond team they – this was a result if y'all recall when you sat and talked about it, this is a result of a lot work they done in talking to all of these institutions. As I said including a couple of our local institutions who just couldn't quite – and again one of the main players that kind of started this thing tumbling was still involved but everyone indicated we really don't want to go with those guys unless they come with something that is really the bomb and that didn't happen.

Councilman Webb: But also your resolution or the language in it stated that Wells Fargo's proposal was just a proposal and not necessarily was – if we accepted that then that's what we had to live with but in my opinion they are leaving the door open that if we are not happy with the proposal that there is still room for negotiations.

Mr. Sibley: Well the problem is timing and as I appreciate it and Tim, correct me, there is still like a 90 day deal but can basically say we don't want to do it at some point but our issue is that we are up against the clock with the letter of credit that expires. So in the normal process there is negotiation and some give and take time before you finalize the deal but we have to operate within these time constraints that involve the bond commission and notice and that letter of credit being called. So that's what kind shortage our window as oppose to what might normally happen. Well, let's see what other questions may be there.

Mr. Kreutzen: The term sheet from Wells Fargo was a non-binding term sheet but those were the terms of the transaction in which they're willing to enter into and they are standing by those terms.

Councilwoman Bowman: Okay, come back just a minute. Let me find out something.

Councilman Webb: You got to speak up a little louder, either that or can they turn that microphone up a little bit in back room.

Mr. Kreutzen: I'll speak up.

Councilman Webb: It' hard to hear what they are saying out of that microphone.

Councilwoman Bowman: Explain to this council just in plain terms because on Tuesday we did feel backed into a corner, that if we don't do this, what's written here then this is what's going to happen with Regions, and the letter of credit. Explain that to me, where are we right now? If we don't do this, what happens?

Mr. Kreutzen: On June 1st the current letter of credit expires, so we got this period of time in which we need to place the bonds prior to that letter of credit expiring. On May 1st a mandatory notice of redemption will go out to the current bond holders in which they will redeem the bonds to the letter of credit bank on June 1st and since we do not have a letter of credit in place then those bonds will need to be redeemed.

Councilwoman Bowman: And the letter of credit expires when?

Mr. Kreutzen: On June 1st.

Councilwoman Bowman: On June 1st. Because I thought we had to the end of this month, the end of April to –

Mr. Sibley: I think we are mixing a few things.

Councilwoman Bowman: Okay, explain it.

Mr. Sibley: I think what we have to – one of the things and that's why I try to sit up front. Here we are dealing with Wells particularly in trying to keep that option alive. The Wells option has a much shorter timeframe.

Councilwoman Bowman: What's their timeframe?

Mr. Sibley: And that's one we need to wrap-up this week. If we don't we may lose them as an option and then we are back to dealing those other options that –

Councilwoman Bowman: But tell me why would we lose them as an option if we don't do it by the end of this week?

Mr. Sibley: Just because that was that was the negotiated timeframe when the team talked to them. They would like to move forward, they like to do all the paper work and everything that has to happen; the notice that has to go forward. They like to move forward, so they like to say either, you know guys are you doing it or not but they didn't want to go forward without some word from the Council as to whether or not we really wanted to do the deal. So it's just part of the negotiation process.

Councilman Lester: And as I appreciate it when we met in March and had some going over the options I think one of the other things and correct me if I'm wrong that we also have to deal with is, this is not something that just corporate City Council action, there are bond commission meetings and deadlines –

Mr. Sibley: Well, there is notice in this case. There is no need to go to the commission for any approvals

Councilman Lester: But there are some notice outside –

Mr. Sibley: But there are steps that they have to take, there are steps that our folks have to take that all timing – there is an issue of once the resolution passes there is a seven day period until it become effective. I mean there are other steps and if we haven't I think Sharon, assuming we are going forward today, Sharon with the Council, the timeline as what all steps remain after today would be important.

Mayor Glover: I think it is also important since it appears as if part of what is being asked here is whether or not there is something that we need to do today at this meeting and if we don't what are the implications with regard to the timeframes that needs to be dealt with between now (1) May 1st; (2) June 1st; and if we end up basically with the letter of credit hitting on the first of June, Tim what are the financial implications for the City of that and there is also –

Councilwoman Bowman: But Mr. Mayor, excuse me, Dale just said tomorrow with Wells Fargo, that's why we are here today. We are trying to get all these timelines that we are being pressured into addressing. That's what I'm talking about. So, it's imperative that Wells Fargo know tomorrow, I mean there is no other anything –

Mr. Webb: They give extensions.

Councilwoman Bowman: We can't wait another week; we can't wait another four days. It has to be tomorrow.

Mr. Sibley: I think Mr. Webb is saying it. We can only take them to what they said to this point and you know we have to assume that if you say, hey we need to know by this date, you need to know. Now whether or not will move any on that and say, well yeah, we'll give you another few days. We'll give you another week. We don't know that we can speak for them but we are simply trying to operate within the current timelines that have established. And again, this is only to try and keep this option as a viable option. If this option goes away, you know if Wells say, hey guys, we are moving on then we go to those other options whether they are dealing with another letter of credit, whether it's dealing with Regions but in any case we have to have something done before that June 1st letter expires. So that's the time. So it's almost like two different tracks.

Mayor Glover: And so let's get into the record Tim, what happens if we have not done anything by June 1st?

Mr. Kreutzen: So, time is of the essence here in order to get an alternative financing in place prior to the expiration of the letter of credit on June 1 and –

Mayor Glover: If that letter expires on June 1 then what happens?

Mr. Kreutzen: Then the bonds are redeemed and there's a reimbursement from the City for the proceeds of the bonds, the 40 million. I believe it is a – and I'll have to refer to counsel on this with respect to the reimbursement agreement. I believe that they put you on an accelerated schedule for the repayment of that 40 million outstanding.

Councilwoman Bowman: Is that the accelerated payment of \$1Million a month, \$12 Million a year.

Mr. Kreutzen: About twelve a year.

Councilwoman Bowman: Is that it.

Mr. Kreutzen: Yes ma'am, that was the estimates in the meetings.

Councilwoman Bowman: But you can understand how we felt boxed in, can't you?

Mr. Kreutzen: Yes ma'am.

Councilwoman Bowman: That we get this information Tuesday after 3:00 o'clock.

Mr. Kreutzen: Yes ma'am.

Councilwoman Bowman: And that we are the ones who are going to have to make a hurry-up decision on all of these millions dollars, you see what I'm saying. And then we were told by Mr. Sibley that we had to have a answer by Friday. Friday, right?

Mr. Kreutzen: Yes ma'am.

Councilwoman Bowman: That's for Wells and June or May 1st for who?

Mr. Kreutzen: There is a mandatory notice of redemption that will go out on May 1st.

Mr. Sibley: That's on the existing deal, the current structure that we have.

Mr. Kreutzen: So because of that, that is why time is of the essence. We want Wells Fargo to continue to proceed with this transaction and the approval of documents and so that's why we are up against this timing deadline. Having to approve documents, get all the work that needs to be in place in order to have Wells say, alright we are ready, we have approved the documents, the changes to the existing documents and we are ready to buy the bonds. At that point we would give Morgan Keagan who is the current remarketing agent the heads up that they can go to the existing bond holders and attempt to have a friendly tender in which they would ask the bond holders to get them back the bonds so that they can remarket them into Wells for this four year period and that all has to happen before (inaudible) 30th.

Councilman Webb: How long did it take y'all to – how have you been working on this particular project?

Mr. Kreutzen: Two and a half months, I would say.

Councilman Webb: So is that the norm?

Mr. Kreutzen: Yes, I mean a financial transaction can take anywhere from –

Councilman Webb: I know as being on the bond council y'all are looking things a year out, two years out, five years out, whatever. Why would you wait til y'all have time for any options knowing it's going to take two or three months to bring something forward then you don't have time for an option.

Mayor Glover: Tim, let me address this –

Councilwoman Bowman: Mr. Mayor let him answer Ron's question. Isn't that who you address it –

Councilman Webb: That's who I'm addressing it to.

Mayor Glover: No, no, Madame Chair –

Councilwoman Bowman: No, no sir, he's gonna answer this question for Mr. Webb because that's who he addressed it to, not you. We will call on you when he gets through talking to him.

Mayor Glover: Madame Chair, Madame Chair.

Councilman Webb: Mr. Mayor, with all due respect, let him answer for me please.

Mayor Glover: Tim, I'm going to ask you to –

Councilwoman Bowman: No, you cannot do that Mr. Mayor, this is the council meeting and he is gonna answer the question that he is asked. That's why we are here, to ask questions and not to ask you questions. You could have answered questions for us before we got where we are right now. So at this time you are out of order. I am calling you out of order Mr. Mayor. Sir, would you answer this question?

Mayor Glover: Tim, I want to ask you to –

Councilwoman Bowman: Mr. Mayor, you are out of order.

Mayor Glover: I'm asking –

Councilwoman Bowman: No, you are disrespecting the Chair.

Mayor Glover: Madame Chair –

Councilwoman Bowman: I asked this young man to answer his question.

Mayor Glover: Madame Chair –

Councilwoman Bowman: Mr. Mayor, you are out of order.

Mayor Glover: And I am asking you to respect this gentleman –

Councilwoman Bowman: No sir. Sir, would you answer – do you know how the question don't you?

Mayor Glover: And I (inaudible) –

Councilwoman Bowman: I'm calling for a five minute recess. You don't run this.

RECESS

Councilwoman Bowman: We're back in session.

Councilman Webb: I still have the floor?

Councilwoman Bowman: Yes sir.

Councilman Webb: I'm still waiting on an answer to my question.

Mayor Glover: And what was your question?

Councilman Webb: I knew you were going to ask me that. Did you understand my question?

Mr. Kreutzen: Councilman Webb, I apologize for –

Councilman Webb: My question is – we were talking about the norm in getting a deal like this put together. You said 2 or 3 months. I said normally a bond counsel deals with things a year out, two years out, five years out. Knowing this was coming up, why did we wait until the end to only have time for one option?

Mr. Kreutzen: This entire transaction has been on our plate for quite a while. My understanding of your question was how long have I been dealing with this Wells Fargo option and it was approximately 2 ½ months ago or so that Wells Fargo surfaced as one of the best options that we had. We requested the back and forth negotiations for quite a while, and they gave us the term sheet dated March 10th.

Councilman Webb: Okay, thank you.

Councilwoman Bowman: At this time, Mr. Webb has a –

Mayor Glover: Madam Chair?

Councilwoman Bowman: Yes.

Mayor Glover: May I have the floor?

Councilwoman Bowman: Yes, you may.

Mayor Glover: Thank you Madam Chair. I think what needs to be added to Tim's answer is that the issue of this particular piece of debt for the City of Shreveport has been a matter that we all

collectively have been dealing with since 2007, when this particular arrangement of the financing for the hotel went from Debt Service I think, and correct me guys if I'm wrong, of approximately \$150,000 per month to over \$400,000 per month. Because of the type of investment or financing arrangement that was used in order to be able to borrow this \$40,000,000. And it was one of seven similar pieces of debt that the City had at that time that caused us that significant problem. And this particular financial team has been working over the last several years to deal with the issues and challenges of that particular problem since the very beginning. And so, when you asked whether or not this is something that has come up at the last minute, the answer to that question is unequivocally no. Because we have been dealing with this particular matter, and Bill are you in a position to be able to recap the number of time that this particular matter has been (inaudible) and refinanced?

Mr. Boles: This was the first thing that the whole team had to address, and it for a number of reasons, the collapse in the bond market in general, the bond insurance market, the cost (inaudible), the downgrade in Regions. We've looked at this every week for the last several years. I mean, we've been trying to put this thing to bed on a long term basis for my whole tenure. But it's not something that we haven't been paying attention to. And with the financial advisors working on it, we -- and I think the Council's choice, rightfully so in my opinion, to get out of the letter of credit type of financing, because of the risks that go along with this. And the fees and all of those sorts of things that go along with it. And the financial advisor also has been struggling, we've all been struggling with how do we avoid paying those termination fees on those SWAPs. And I think we've done a good job of avoiding those on this SWAP that we have here, that right now is over \$2,000,000 if we had to pay it today. And so, we've had to be maneuvered into -- I mean, to really go out and just do a new deal. And go to the bond commission and do that, but the thing I'm really kinda proud of has kinda not really noticed is that we're all working hourly on this thing. We're not working on big fees on this at a 'not to exceed' rate, but we only get paid hourly, because we're reworking this existing structure. That's why the fee's only \$100,000 in legal fees, total versus hundreds of thousands in the past. And so we've been working on those for a long time. And so it's not something that hadn't been on our radar screen.

Mayor Glover: In fact what was the termination fee if you can remember initially on this particular arrangement? \$4.4 million if I'm not mistaken? And Rick is that --?

Councilman Webb: Well let me ask this question. Your fee is \$100,000?

Mr. Kreutzen: No sir.

Councilman Webb: What is your fee

Mr. Kreutzen: My fee would be hourly at \$175 an hour, not to exceed -- we have to put a 'not to exceed' number down, I put \$35,000 down, but it's whatever I bill, that I can't go over \$35,000.

Councilman Webb: Okay, so the bond counsel is the other \$65,000? You mentioned \$100,000.

Mr. Kreutzen: I just heard that number mentioned, I don't know if the legal fees are \$100 and something thousand.

Mr. Sibley: If you recall, Tim I'm sorry. What Tim referenced was the \$50,000 was the due diligence fee that's within the Well's term sheet, that's a part of that \$100,000 note.

Councilman Webb: Okay well Calvin Grigsby's fees are \$149,000.

Mr. Sibley: Yes sir.

Councilman Webb: For what?

Mr. Sibley: That's pursuant the contract that was approved in '08 if I'm not mistaken. That's his base contract. And keep in mind, the FA team and certainly Mr. Grigsby and his team can speak for themselves, but the FA team does the principle fact finding and negotiation, the bond counsel team looks at it from a more legal side, but most of the number crunching and negotiation goes on, on the FA side.

Mayor Glover: Part of what, if I could add and I certainly appreciate you giving me the opportunity to be able to get these particular issues onto the record. It's certainly not my desire or intent to inflame your temper and to cause you to --

Councilwoman Bowman: Oh my God! You were out of order. I've called you out of order. 1) and according to our rules of procedure, the Chair recognizes who speaks, and if I recognize Councilman Webb, and he was speaking to this gentleman, I am following the rules. The Chairman conducts this meeting, and you were not recognized by the Chair. You just kept speaking out of term Mr. Mayor, that's what happened. And by right as the Chairman, I called you 'Big Guy' out of order.

Mayor Glover: Understood and accepted. What I was trying to get you to understand is that these same individuals are retained by me as Mayor, and work --

Councilwoman Bowman: Right and we voted to put your team there. And I'm not here to argue with you, I get tired of arguing with you Mr. Mayor. You just keep inching and pinching a little piece, a little piece every chance you get.

Mayor Glover: I'm certainly not trying to do so Madam Chair.

Councilwoman Bowman: Yes you do. Mr. Webb, you had a motion on the floor.

Councilman Webb: I did.

Mayor Glover: But Madam Chair?

Councilman Webb: My motion was to postpone and it was seconded by Councilman Wooley.

Councilwoman Bowman: Go ahead Mr. Mayor.

Mayor Glover: And we will certainly take the direction of the Council as you all see fit, I just wanted to make sure everybody understands where we are and what we're in the midst of. And also with regard to the fee structure, that I think I heard Mr. Webb make reference to. And I just got a note here that says, 'We do not have time to pursue a fixed rate option before June 1st. Our earliest would be at the June State Bond Council, and I think the Bond Council needs to give an answer. So, I guess go ahead and if you all would make the motion, and in the course of your discussion, would you allow us to be able to have these folks come up and talk about what particular options are on the table, that can be accomplished between now and whatever timeframe that you all would set forth.

Councilwoman Bowman: Excuse me Mr. Mayor, Mr. Webb's motion was to postpone. Councilman Lester is amending that motion and then that will allow the additional time in there.

Councilman Lester: Madam Chair, I'd like to offer a substitute motion.

Councilman Wooley: I'll second it for discussion.

Substitute motion by Councilman Lester, seconded by Councilman Wooley to postpone action on this matter until Friday, April 23, 2010 at 2:00 p.m.

Mr. Sibley: What date?

Councilwoman Bowman: What's the date on that Art? What's Friday, next Friday.

Councilman Webb: 23rd.

Councilman Lester: And with the direction to the Administration and team, to work on the previous options that were presented to the Council in the meeting in March, as well as any other new options, understanding quite naturally that we have changed the nature of the Wells' issue as it was originally presented to us. But that is the desire of the Council for those tracks to be pursued conterminous and simultaneously. And Friday, with the team giving us a report in terms of which would be the best at the time, so that we can vote on that on Friday.

Councilman Wooley: Along those same lines, somewhat repetitive to but also more specific, as for our option, I'd like to know exactly who those people are. You know they make phone calls looking for the options, maybe to some other financial institutions (inaudible) quick timeline - - -

Councilwoman Bowman: And tell them to give it to us in writing, whatever they --

Councilman Wooley: Yeah, or give us a written report on Friday.

Councilwoman Bowman: So, at this time we will vote on Councilman Lester's --

Mayor Glover: Madame Chair? Can we have some discussion as a part of this just to make sure it's on the record, or we can do it once you all have voted either way?

Councilwoman Bowman: Yes sir, go ahead.

Mayor Glover: And I'll ask this openly to the bond team guys. And Madame Chair, Members of the Council, part of the reason as to why we started this process back on the 12th of March, presenting those four options to you at the time, was time was critical. These were matters that have to be dealt with before we get to a point that gets us to June 1st. And so, of the four options that we presented on March 12th, are all of four of those options still on the table? I guess the other three options besides this one, or are there of any of those that because of the timeframe cannot be effectively pursued at this point?

Mr. Kreutzen: So, we have the letter of credit with Regions Bank, we can explore that option.

Mayor Glover: Tim, do we know what the cost associated with that would be?

Mr. Kreutzen: According to the last proposal, it was 200 basis points, 2% annually, for a three year letter of credit, I believe a 25 basis point, which would approximately be \$90-100,000 origination fee.

Councilwoman Bowman: We want all that in writing.

Mr. Kreutzen: And there's an annual re-marketing fee of 10 basis points which is about \$40,000 on that on an annual. So, there's the L.L.C option.

Mayor Glover: Would you also very briefly discuss why it is that the Regions' option from a security standpoint is less desirable than --

Councilman Lester: Mr. Mayor. If I might Madame Chair? The position that I believe and I'm going to walk a fine line, because I don't want to be responsible for speaking for the Council, but the sentiment as I appreciate it is, that we understand that when those options were presented to us on March 12th, there was a ranking in terms of which that the Administration thought were better to worse, or worse case scenario. And I think the Council kind of indicated a willingness to acquiesce to the financial team's version of what was in the best interest going to worst. Given the fact that one of the concerns we had was the security of the funds, and the trustee relationship, and understanding that we now have expressed what our desire is relative to changing that, what we want to task the bond team and the financial team to do is go back, understanding that has changed, we want to make sure that when you come back to us Friday, that those other options that you have presented, that you presented previously, 1) if they can still be done, as Councilman Webb alluded to, whether or not there are other players that can now be brought to the dance, that may be able to offer something better, not that we're trying to necessarily shop someone's rate, but if there is a new party that wants to come, we want that explored. And we also want something in writing so that when we sit down Friday, all of those issues have been flushed out as of that day, right then so that we can be prepared to vote. Because I don't think that with the change in the

structure, and the unreadiness that the council feels, that we're comfortable moving forward. And I think that if these tracks can be presented and followed in a dual and parallel course, then at some point the bond team will be able to say as of next week, Option 1 is still the best, Option 2 may be the best, Option 3 may be the best, Option 4 and as per Councilman Webb's suggestion, we have found another option. If in fact when we come back Friday, that Option 1 is still the best, and those folks are willing to deal with us under what we have requested in terms of the structure in the back of the house, then that's what we will do. But at this point, understanding that time is sensitive, that's why rather than to do an open ended, you know we'll get back to you whenever, we said, come back Friday, because we think that hopefully give you an opportunity to pursue those things and report back to us. And if in fact, I would suggest to you and the Administration that -- or turn it around to the Administration that if there are some changes betwixt and between that, that would be communicated to the Council. And if we need to have a special meeting to say, this is going to happen right now, we can do that. But our desire is to get the additional information so that we can make an informed and wise choice, given the fact that some of those things have change. Understanding that the bond market and some of those things change on a moment to moment, day to day scenario, we want to make sure that those are still accurate. And we want it in writing, as opposed to rattling it off.

Mr. Kreutzen: If I may clarify something on the four options that we made an analysis of. The first two options were the LOC with Regions Bank. The first option was an analysis of the average rate that was paid by the City last year. And then the second analysis was what would happen if the front would increase by 1%, 100 basis points. So Option 1 and Option 2 are both related to the letter of credit with Regions Bank. Option 3 was the option with Wells Fargo to do a re-marketing of the existing bonds outstanding and do that on a fixed term basis for the four year period, keeping the same transaction documents with slight amendments to allow for that interest rate period to go from a weekly adjustment to a longer term adjustment. In this case, we settled a four year period for that adjustment. Then the third option was the fixed rate option and fixing that out, which included the termination of the SWAP. So there was that termination penalty.

Councilman Lester: Right. And we want you to pursue those, and as Councilman Webb indicated, if in fact there is maybe another option relative to a LOC with someone other than the parties and the situations that we have done, entertain that as well.

Mr. Kreutzen: We did explore the letter of credit market quite extensively, and Regions was the only responder to the letter of credit as a letter of credit provider. We'll go back and explore those options again.

Councilman Lester: There you go. Thank you, thank you.

Councilman Webb: Where are you on the timeframe that we're giving you? Is that doable?

Mr. Kreutzen: I thought we were talking Friday tomorrow, but --

Councilwoman Bowman: No, the 23rd.

Mr. Kreutzen: As I mentioned before, time is of the essence we are facing this mandatory redemption notice on May 1. And you know we'd like to get -- complete this transaction.

Councilman Lester: Well, that's why I said Friday as in next week. If you think that y'all can come back before then, then --

Councilman Webb: Let us know.

Councilwoman Bowman: Let us know if you have it before then.

Councilman Webb: And we'll meet earlier.

Mr. Kreutzen: Time is of the essence, and the earlier the better.

Councilman Lester: Well in the words of that great philosopher, Joe Shyne we're here to serve at the will of the people. So if that's what required, we'll be here.

Councilman Shyne: Thanks Calvin.

Councilman Lester: You're welcome sir.

Councilman Walford: I sent five requests -- one request with five different things that I wanted to try to make me comfortable with the Wells' deal. And I realize I'm going to be way over here in left field, away from all the rest of y'all. I've got answers to three of them, and Mr. Boles, I really appreciate the down to my level email that I got. I appreciate that and it answered my question about the Bond Commission, the Administration did not provide me the agreement with the financial advisor, and nobody has answered my question about the franchise agreement. With that all said, back on March 12th, I agreed that the Wells' deal looked like the best one. Yesterday, it smelled terribly, because I didn't like the idea of them taking all of our Riverfront revenue, but when that was resolved, I'm comfortable with this, as soon as somebody explains to me what would happen, not what would happen, how we could lose the franchise that could make the whole thing callable by Wells', I would be more than happy to go ahead and vote for the Well's option, that we agreed to back in March. I think that obviously somebody's done some heavy telephoning, and working with Wells. I came in here uncomfortable with it. I've -- based on the information from Mr. Boles, and finally getting it down to my level on the trustee, I'm comfortable with it. I don't need to see other options, I didn't like the Regions letter of credit option, I quite frankly am worried about Regions further downgrades, so I would be more than willing to go to this Wells Fargo option at this time.

Councilwoman Bowman: Councilman Lester has a substitute motion on the floor. Seconded by -- yes, we need to vote, we're voting on Councilman Lester's.

Councilman Long: What was the motion I was out of the room.

Councilman Wooley: Motion to postpone.

Councilwoman Bowman: Until Friday, and they're going to give that information.

Councilman Shyne: Give me the date now, Friday what?

Councilwoman Bowman: The 23rd.

Mayor Glover: Madam Chair, there is one question I'd like to ask of you all's staff as well as legal. This was just asked of me, if we in fact meet on next Friday, and there is a resolution passed, that is signed, is the effective date of the resolution after May 1st and if it is, what impact does it have on the mandatory letter that has to go out if we haven't gotten this thing squared away by May 1st?

Councilman Walford: Seven days? It would be on the last day. It's effective seven days after it's --

Councilman Lester: So, even if he signed it that day, it would not be effective?

Councilman Walford: The 30th ? No, it'd be on the 1st.

Councilman Lester: Okay, well then let's move it to the 22nd.

Councilwoman Bowman: Now we have to be cautious because doesn't the Commission meet in here on Thursday?

Councilman Webb: We could meet that morning.

Councilwoman Bowman: Could we meet that morning?

Councilman Shyne: Yeah.

Councilwoman Bowman: That Friday morning?

Councilman Lester: That Thursday morning.

Councilwoman Bowman: I mean Thursday morning? Art?

Mr. Thompson: We don't have to meet in this Chamber either.

Councilman Lester: Let's go back to the old place.

Mr. Thompson: No, my point is that we will try to get the Chamber, but if it's (inaudible)

Councilwoman Bowman: If we could do it like -- is 10:00 comfortable? Is that okay? Too late? 10:00?

Councilman Lester: They're going to be here.

Councilman Shyne: Okay, so moved that we would meet at 10:00.

Motion approved by the following vote: Ayes: Councilmen Lester, Wooley, Webb, Shyne and Bowman. 5. Nays: Councilmen Walford and Long. 2

Councilwoman Bowman: No, it's already on there, and I'm just setting a meeting. We have a vote here. Five "YEAs", two "NAYs".

Mr. Boles: I just hoped that I could answer Mr. Walford's issue about the termination. The issue about the bonds. If the franchise agreement is terminated, we asked for that. They didn't want our ability to be able to call 'em. We asked that in case we sold the hotel, that we could pay 'em off without penalty. So that was to our advantage.

Councilman Walford: But truthfully, if we sell the hotel, we've got to come up with an extra \$12,000,000, so we're probably not going to sell it. So, it's probably not an issue.

Mr. Boles: But you'd asked what that was about.

Councilman Walford: I didn't know if that was theirs or ours.

Mr. Boles: That was ours, our request but to avoid having to pay a three payment penalty to them.

Councilman Walford: Okay, well then again, I am comfortable with the changes that we got made since yesterday. I didn't come in here comfortable with them, but I am now.

Councilwoman Bowman: Thank you, we appreciate you coming.

Councilman Shyne: One comment. I guess you all see that you all have done one good thing. You all have made one person comfortable, so I think that's great.

Councilwoman Bowman: At this time, it's on the agenda for Executive Session. Mr. Thompson, is that correct?

Mr. Thompson: That's correct Madam Chair. Executive Session conducted pursuant to LSA-R.S. 42:6.1(A) to discuss the following pending litigation: Shreveport Police Officers Association Local #75 AFL-CIO and Michael Carter, Individually and as President of the Shreveport Police Officers Association Local #75 AFL-CIO v. Hon. Cedric Glover, Appointment Authority, City of Shreveport Case Number: 505,140-B, First Judicial District Court Caddo Parish, Louisiana. According to Ms. Scott, the people who need to be in the Executive Session are Mayor Glover, Mr. Dale Sibley, Ms. Scott, Marty Stroud, Mr. Ed Jones, Jennifer McKay, Julie Glass (she's not here), Chief Whitehorn, and the Clerk of Council.

Councilwoman Bowman: But before that's done, we need a motion to go into executive session.

Councilman Webb: And discussion, I'll make a motion to go into Executive Session and I'm going to vote 'NO' when I vote.

Councilwoman Bowman: He needs --

Councilman Shyne: I'll second it.

Motion by Councilman Webb, seconded by Councilman Shyne to go into Executive Session.

Councilwoman Bowman: Lynette, it won't come up.

Ms. Oliver: It's locking up.

Councilman Webb: C'mon, pull it up. There it is.

Councilman Wooley: Waiting on Michael?

Councilwoman Bowman: Lynette, pull it up. I'm not waiting on him. Okay, we won't go into executive session.

Motion approved by the following vote: Ayes: Councilmen Lester, Walford, Long, Wooley, Webb, Shyne, and Bowman. 7.

Councilman Webb: Okay, move for adjournment.

//s// Joyce Bowman, Chairman

//s// Arthur G. Thompson, Clerk of Council