



Shreveport City Council

April 22, 2010 - Special Meeting Proceedings

The Special Meeting of the Shreveport City Council was called to order by Chairwoman Joyce Bowman at 10:01 a.m., Thursday, April 22, 2010, in the Government Plaza Chamber, 505 Travis Street, Shreveport, Louisiana.

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

On Roll Call, the following members were Present: Councilmen Calvin Lester (10:56), Monty Walford, Michael Long, Bryan Wooley, Ron Webb, Joe Shyne (10:11), and Joyce Bowman. 7.

Public Comments: None.

Councilwoman Bowman: We are now under Public Comments, do we have anyone in the Chamber who is here to speak in favor or in opposition in reference to the resolution. Mr. Clerk, no one spoke favorably or in opposition.

Mr. Thompson: The minutes will reflect that.

Councilwoman Bowman: Thank you very much.

RESOLUTIONS ON SECONDED READING AND FINAL PASSAGE OR WHICH REQUIRE ONLY ONE READING

The Clerk read the following:

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.

Mr. Thompson: Madame Chair at our desk we have four amendments but I believe that the Administration wants the Council to consider Amendment No. 3. Is that correct?

Mr. Sibley: That is correct Mr. Thompson.

Councilwoman Bowman: Would you read Number 3?

Read by title and as read, motion by Councilman Walford, seconded by Councilman Lester. The Clerk read the following amendment:

AMENDMENT NO. 3 TO RESOLUTION 49 OF 2010

Amend the Resolution as follows:

Delete the Resolution as introduced and substitute with the attached Resolution.

Explanation:

This amendment:

- 1) Amends the first “WHEREAS” paragraph to identify the Louisiana Local Government Environmental Facilities and Community Development Authority as the “Authority” or the “Issuer”.
- 2) Amends the third “WHEREAS” paragraph to add the amount of the present principal balance of the Bonds (\$40,575,000)
- 3) Amends the fifth “WHEREAS” paragraph to now provide that the Bonds will be placed, within the structure of the existing Bond Documents previously approved by the State Bond Commission and the Authority, with Wells Fargo Bank, N.A. at a modified variable rate equal to the greater of (1) the Thompson Financials Municipal Market Data scale for “AAA” municipal yields for the year 2014 to be determined immediately prior to closing plus 3.00 per centum per annum; or (2) 4.125 per centum per annum for a period of 4 years, and if the Bonds are not remarketed at the expiration of the placement period at a rate of interest consisting of the lesser of either 12% per annum or the maximum rate allowed by applicable law.
- 4) Adds new sixth “WHEREAS” paragraph to provide that as a condition of the Placement, the City will take such action and make any required notification necessary to cause those funds of the City which arise from the City’s receipt of fees and other funds from casinos located within the City’s corporate boundaries and those funds which arise from the City’s receipt of funds from the operating profits of the Hotel, which funds are already pledged to secure the Bonds, to now be paid to the Trustee of the Bonds by having the funds deposited into a Trustee account for the benefit of the Bondholders with Capital One Bank, first to fund monthly principal and interest payments and reserves to be used as directed by the

Trustee (but only to the extent permitted in the Bond Documents as amended, and second, to pay to the City any funds remaining after satisfying such obligations.

5) Amends original “WHEREAS” paragraph 6 (new “WHEREAS” paragraph 7) by adding the phrase “...and the Directed Payments”, at the end of the sentence.

6) Amends Sections 1 and 2 of the “NOW, THEREFORE, BE IT RESOLVED” paragraph by adding the language shown in bold type in each Section:

“Section 1: Authority: The Mayor and the Clerk of the City are hereby authorized and directed, for and on behalf of the City, to do all things necessary, on the advice of Bond Counsel (as defined below), to implement the actions authorized by this Resolution, including the negotiation and execution **on behalf of the City, and in conjunction with the Authority, of any** agreements, documents or certificates necessary in connection with the Placement of the Bonds **at the Modified Variable Rate** with the Bank **and to cause the implementation of the Directed Payments** including, but not limited to, any necessary modifications of the Bond Documents, provided such modifications are consistent with the terms of the prior approvals granted to **Authority** by the SBC with respect to the Bonds (the “SBC Approvals”). Said officials are hereby further authorized and directed to approve, for and on behalf of and the in the name of the City, any changes, additions or deletions in any of the Bond Documents, together with such **fees and expenses of Bank, including attorneys fees, incurred in connection with the Placement, and such** additional documents, instruments or certificates required by the Bank, **and/or the Authority** provided that all such changes, additions or deletions, if any, along with any other documents, shall be approved by Bond Counsel and consistent with, and within the authority provided by, the Act and the SBC Approvals **and the Bond Documents, as modified.”**

Section 2: Employment of Bond Counsel: Employment of Bond Counsel. The City hereby finds and determines that a real necessity exists for the employment of special bond counsel in connection with the Placement and accordingly The Boles Law Firm, A Professional Corporation, Monroe, Louisiana (“Bond Counsel”), is hereby appointed and employed to do and perform comprehensive legal and coordinate professional work with respect to the Placement and **any modifications** of the Bond Documents **as well as drafting any and all documents necessary to effectuate delivery of the Directed Payments to the Trustee as may be reasonably requested by counsel to the Bank.** Said Bond Counsel shall prepare and submit to such officials of the City for execution all agreements, documents and certificates incidental to, and shall counsel and advise the Governing Authority on the foregoing. The fees to be paid to Bond Counsel shall be hourly in an amount in accordance with Louisiana Attorney General’s hourly fee schedule for representation in bond matters together with reimbursement of out-of-pocket expenses incurred and advanced in connection with the representation, said fees and expenses to be payable by the City upon conclusion of the Placement **and after notification and approval by the SBC of such fees and expenses.”**

Councilman Webb: Madame Chair I want to make a motion to approve Amendment No. 3 so we can open it for discussion.

Motion by Councilman Webb, seconded by Councilman Long to adopt Amendment No. 3.

Councilman Webb: We went from one amendment to three amendments.

Mr. Thompson: There is a fourth amendment if you would refresh. The fourth amendment was prepared for Mr. Walford but I'm not sure that he – I don't know what his position is on that.

Councilman Walford: What I'm after and I had sent an e-mail to each of you and to the Administration. Let me ask a question, I don't want to give up my debate time to answer your question.

Councilwoman Bowman: Okay, hold on one second.

Mr. Thompson: Madame Chair, for the record, was there a second?

Councilwoman Bowman: Yes.

Councilman Walford: Mr. Long.

Mr. Thompson: Okay.

Councilman Walford: So briefly I wanted stated in the resolution what the total fees were that would be charged by Bond Counsel which they stood in front of us and gave us a not to exceed but we never got the fee that was going to be charged by Grigsby and Associates and I want to know the exact fee and I think it should be in the Resolution. So that was my amendment. And I think that there is going to have to be a lot of discussion on what that fee is.

Councilwoman Bowman: We are now open for discussion in reference to the Amendment No. 3 that has been put before us.

Mr. Sibley: If I may just as way of starting things up. First of all again we appreciate the Council having this meeting because as you all know this a matter that is pending for the City something that cannot be avoided and it's something that we are trying to move forward in according to what the directive that we all agreed that this was the best option at the time. What we have done since the last meeting is tried to provide the Council with all the information requested, the background, the history, who all was spoken with, what options still remained and we provided that to you electronically and you should have also gotten a hard copy that we hope everyone has. Ms. Scott at the direction of Mr. Walford prepared Amendment 4 in accordance with his request. We did review that with the FA and

with the Bond Counsel, outlined to them what that amendment would do; define with that because it is in accordance with the fees as they have stated those fees, so we don't really have an issue there. We have for you today and as soon as Ms. Scott comes down we will provide a break out. I know there is a question as to the FA fees, we have a break out on those fees that we'll provide to you that will outline exactly where that number came from and as soon she come down we will give that you but basically it involves – we all know that if you bounce the number off the base agreement for the FA you come up very short of a \$149,000 but the FA in this case is also functioning in two additional capacities; 1) is the remarketing agent and 2) doing other special services related to the Swap that was terminated as a part of this deal, so that would be outlined in the sheet that Ms. Scott brings down and Mr. Grigsby and his team is here. The Bond Counsel team is here. We basically asked them to be here and be prepared to answer any questions that the Council has on any of the information that we provided and we are hopeful that we can answer all of your questions today and get positive consideration of Amendment 3 so that we can go forward with this deal for the City.

Councilwoman Bowman: Thank you Mr. Sibley. Mr. Grigsby, and I'm speaking personally, I'm glad that you are here for this meeting to answer whatever questions that you might be able to and that was basically missed in the last meeting that we had. So if you want to come forward and maybe just present something to the Council or does any of the Council members have any questions right now? Okay, go ahead Mr. Grigsby.

Mr. Sibley: Madame Chair, if you don't mind, I would ask him if he would first address the roles that constitute the fee arrangement and that may be very helpful to the Council.

Mr. Grigsby: Thank you very much. I'm always happy to be here. I'm also happy that you got to meet some of the other members of the firm and I want to talk a little bit about how this transaction arose and what the issues were and how we addressed them. And I know you all have the background but just to give you a brief overview like an executive summary, this transaction was originally done back in '05 as an auction rate transaction with a Bond Insurer called AMBAC and a standby Letter of Credit from JPMorgan Chase. The transaction originally – just so you know the cost of issuance for the transaction, it was a variable rate transaction which means you have the risk of whatever the market rates are on the auction rate; you also have a risk of whether of the Letter of Credit bank will still be in the market after three years; you also have the risk of whether the bond issuer would keep their rating and this was not a fixed rate deal. This was a Derivative Variable Rate, Auction Rate, Short Term Interest Rate deal which means at any point and time that any of these risk are realized such as the auction rate goes up, the Letter of Credit decides not to renew the Letter of Credit or the Bond Insurer decides – or not decides but he has his credit rating lowered, you are basically confronted now with how you pay back the Bonds and we all know without getting into it the interest rate went up 12% because AMBAC lost their credit rating. JPMorgan then came back and said, we are not going to renew the Letter of Credit and now we are looking at a situation where we had to figure out what to do. We went out as you know we went out for two RP's for a Letter of Credit. JPMorgan Chase, their initial response was if you guys give us all the banking accounts in the City, we will

consider renewing the Letter of Credit and we got that response from JPMorgan Chase. We also got a response from Regions which was not coupled with the requirement that all of the banking relationships of the City be transferred to Regions. They requested them but it wasn't an absolute condition to their Letter of Credit. We then replaced the Letter of Credit with JPMorgan with a Regions Letter of Credit. Right after we did that within four months we got a notice that Regions had been downgraded from A1 which is the highest level for a Letter of Credit to A2. At that point the interest rates went up to approximately 8%. Morgan Keegan did a really, really good job of remarketing the bonds notwithstanding the credit downgrade and we then I guess March 11th of this year get another notice from S&P that Regions was being downgraded again. So Regions went from an A1 to an A2, after the A2 we had a blip in the short term rate, Morgan Keegan got that resolved; found investors who were comfortable with the A2; remarketed the bonds from the A1 investors to the A2 investors then we got the A3 downgrade, we had a blip in the interest rate going up; Morgan Keegan again did a good job at remarketing the bonds but that credit rating report on the A3 said they still felt that there was weakness in the Regions credit and they could be subject to what they call a negative watch. They could be subject to another downgrade. Another downgrade gets you out of the A category from a short term credit point of view which means the bonds are not re-marketable. We think that Regions will pull through this but in an utmost feeling of caution we advised the City if we can get out of this Letter of Credit because one more downgrade we are going to be back up to the 8%, 12% levels and our recommendation was to try to get out of the Letter of Credit and come up with a fixed rate mode. In doing that we have a Swap attached to the Bonds, if we go to a fixed rate mode, we have to take out the Swap. Taking out the Swap cost about and \$2,500,000 and that varies everyday. You talk to me one day it is 3,000,000, the next day it's 2.2 but it has been between two and half and three million for the last say six months. So now we are confronted with a situation where we've got a Letter of Credit that's right at the edge and the credit rating agencies are saying you are on a negative watch. All a negative watch means is you can be downgraded again. Now we can't deny – we don't think Regions is going to be downgraded – I don't personally think they are going to be downgraded but from my point of view as a professional there is nothing I can do but advise you that one more downgrade could be a disaster for the City. We then started to look at a fixed rate. A fixed rate cost about 6%. Given the revenues from the Hotel 6% would be more than the existing revenues and we were trying to preserve a situation where in four years and we don't want to get into details with that but there is a management agreement and if that management agreement were to be terminable at that point the City would be in a position to sell the Hotel. The management agreement is pretty onerous in terms of anybody new coming in unless that management agreement is terminated it's probably not feasible for the City to sell the Hotel but that's a four year term that we could look at selling the Hotel. So we wanted a structure that would allow us to have the option, the right to sell the Hotel in four years. A long term bond issue pretty much forecloses that option because a long term issue is only callable in ten years. Also a long term –

Councilman Walford: Can I stop you one minute on the sell. Wouldn't we have to pay \$12,000,000 to the State if we sell it in less than 20 years?

Mr. Grigsby: Absolutely.

Councilman Walford: So a sell is not really – real viable option in the next four years unless it goes up horrendously in value, am I correct?

Mr. Grigsby: I have to defer, yes sir.

Mayor Glover: Madame Chair, may I speak?

Councilwoman Bowman: Yes sir.

Mayor Glover: I would have to say, Councilman Walford, that's not an absolute. That has not been clearly expressed or articulated by anyone at the state level that, that would be an absolute requirement that the twelve million in Capital Outlay dollars would have to be repaid. Also there would be the option of us seeking Legislative Relief in terms of addressing that if in the event it were to be the absolute official opinion of the folks in Baton Rouge that twelve million would have to be repaid and so 1) the question itself has not been absolutely resolved or several examples including one that was done by our own, Ernest Baylor that provided relief to the facility out at the Airport, a \$4,000,000 debt that was owed to the State by the City of Shreveport that specifically and expressly owed that was in fact addressed through legislative means and it's still not clear by either statute or practice as to whether or not we would be absolutely required to make that repayment of twelve million to the State. So that is an issue that at this point at best is very (inaudible) and definitely not specific and also could be addressed potentially through legislation if the opportunity were presented for us to in fact find a buyer for the Hotel.

Councilman Walford: Thank you. I didn't mean to interrupt but we were right at that point. It was easier than going back to it.

Mr. Grigsby: Okay, these aren't prepared remarks so it doesn't bother me if you interrupt believe me. I think that's important that we have some dialogue. So getting back to the options, you look at a fixed rate – now the one thing I want everybody to understand is in going to a four year remarketing which is an intermediate rate as oppose to a variable rate, we can refund that any time we want at a fixed rate. Like next year we can go out for fixed rate and just like any other refunding we still have a refunding left on these bonds so we can refund the four year remarketing whenever we want. We are not foreclosed from going to a fixed rate and I just want that to be absolutely clear. We can refund the four year anytime during the four and go to a fixed rate. We have all our options open. We can even refund the four year and go to a variable rate and a Swap if you would like to do that. I mean it's a four year rate it's fixed for the term but we can do a refunding of that under the Internal Revenue Code. So we are not foreclosed. So we have now our options we are looking at, we can stay with the existing letter of credit and we had talked to Regions, they were willing to continue the Letter of Credit so we always had that as a back-up. We still have that as a back-up, so we are not foreclosed from just staying with a Letter of Credit and the Morgan Keegan remarketing.

Councilwoman Bowman: Thank you for saying that Mr. Grigsby because I do recall in the last meeting that was one of my questions. Did we get with Regions to see if they would continue on with the Letter of Credit. I know we had done it for six months and then we came back and we did it for six months, so that was one of the questions that I had.

Mr. Grigsby: Yes, ma'am, we still have that option. We would not be out here naked trying to negotiate with Wells Fargo with no backup, just so you know, we always had it as a backup but we were concerned about if – you know if I were to come in here and say, okay I agree to stay with the short term Letter of Credit deal and they just got downgraded again and we are up at 8% you guys would be calling for head. If you want to make that decision, that's fine but I'm just saying –

Councilwoman Bowman: So, explain that, I mean what you just said as far as the 8%.

Mr. Grigsby: The three investment grade ratings are over at Triple B and the three investment grade short term ratings where a money market fund would buy your paper are over at A3. When you drop to Double B or you drop from the A1 – okay there's two ratings, there is a long term rating and there is a short term rating. The long term ratings are like Triple A, Double A, Single A then they go to Triple B, Double B. Triple B is the end of the investment grade on the long term ratings. The short term ratings start with A1, then they go to A2, then they go to A3, then they go B1, B – the last investment grade rating for a short term rating which is for the variable rate is A3. We are there now with Regions on the last investment grade. They got their long term rating at a Triple B the next step if they get downgraded and they are on a negative watch is a Double B. That's why we have a concern and I think Regions like most of the banks is going to pull through this. That's my personal opinion but you have to make the decision as to whether you want to take that risk. We look for an option that eliminated that risk and still allowed us to have everything open. Look, this option allows us to either go to a fixed rate now; we can stay with this option if we get lucky and are able to do something with the Hotel that works from a state level; we can also go back to a variable rate. So we have all of our options open but we don't have any risk for four years that anything can happen in a market, you know we could have another financial upheaval; the banks could go bankrupt; the FCC could go bankrupt it wouldn't matter; for four years we are okay and so that's what pushed this recommendation. And for four years we don't have to worry about terminating the Swap and just so you know what the strategy is there, it's not complicated, as short term rates go up the cost determining the Swap goes down. So if the economy starts to do better and the short term rates start to edge up and the Feds you know are saying they might edge up short term rates then our Swap termination goes down which makes it more feasible now to go to a fixed rate.

Councilman Walford: Can you put a number to that like every half percent or – where would we break even – or just where would we get it down to a tolerable number?

Mr. Grigsby: Okay, I can't do it that simply but I can do it pretty simple.

Councilman Walford: Give me an idea, I mean obviously you're saying if short term rates go up, so if the Fed – let's just say we get a half percent.

Mr. Grigsby: Okay, let me talk about where we are now. Right now LIBOR is at like .30 and the ten year treasury is like three point something, I haven't looked at it in a couple of weeks but it's – and then after that it kind of levels out, under your Swap you are receiving a variable rate and you are paying a fixed rate so you're paying the difference between .3 (point three) and I think it's like 3.8 (three point eight) so if the .3 gets closer to 3.8 you have to pay less. All we do when we do a Swap termination is we look at the whole term of the Swap which is, we got like 25 years left and we present value that difference and that difference is just what people – just like selling pork bellies or oil futures, it's whatever the market thinks it's going to be in the next year and the year and the year and the year after that, so I think I can answer your question by saying what people think now is going to happen in 25 years, we have to put in our computer to determine what the Swap termination is today and that changes everyday because we don't calculate the termination value based on today, we calculate it based on what people are trading interest rate futures out to 25 years and we look at that spot market everyday and we look at the difference between the LIBOR expected – so somebody says in ten years I think LIBOR is going to be 2 ½ % well that becomes the 2 ½ % versus the 3.8 is what that is year ten and we put that on a schedule and present value that all the way back to the day and that's how we calculate the termination value. Now, it may be that tomorrow somebody thinks the ten year LIBOR is going to be 2.0 or 1.0 but they may think the 20 year is going to be – see it's 25 different numbers that we have to look to calculate that's why it's hard to answer. But we know what those because those are posted on the Bloomberg Machine everyday. Does that answer it?

Councilman Walford: Yeah.

Mr. Grigsby: Do you see what I'm saying?

Councilman Walford: I understand.

Mr. Grigsby: I have to look at everyday it depends on who's buying and selling in the interest rate futures market and what kind of market they are making but we know what that is everyday but it changes – any one year that changes and believe me it is not even one year, I'm really – it's based on an hourly, it's based on an eight hour day for each day for 25 years. That's how detail it is on the computer but then there is an average for each year, then there is an average rate for each year that we take and put in our computer based on the monthly rates and the weekly rates and the daily rates. So, that termination value we monitor it everyday and just (inaudible) the reason a lot of governments are realizing they should have never got into Swaps is because they don't have people on staff to even know what their Swap is worth everyday. So the guy who sold you the Swap has already gotten out of his side of it and you are still stuck on your side because you can't monitor a Swap when you close a deal you have to keep monitoring it everyday for 25 years to know where you stand. And without belaboring the point when we

first made our presentation to Tom Dark that's what we went through. We were an FA who also knew how to do Swaps and therefore we could help him monitor everyday where the Swap position was and how to get out of it.

Councilman Walford: Are four year – alright we are talking four years out for our purposes right now – are four year rates rising?

Mr. Grigsby: Four year rates definitely – since we started – since you approved the term sheet the four year rate that's in the Wells deal was a 4.09 that has now gone up to a 4.45 as of last week and as of today it came back down to a 4.40. But in general the trend line for a fixed rate is going up which is, you know during the time that we have been debating this we have lost something like on the four year rate in terms of what we are going to pay, *six point four, seven point six*, we probably lost about over four years – Sherricka, how much have we lost? Between the time we started and today in terms of the rate, on the four year rate?

Ms. Fields: I know by dollars (inaudible), about a 140,000

Mr. Grigsby: Per year?

Ms. Fields: Yes.

Mr. Grigsby: About 140,000 a year. So that's about two-eighty, \$560,000. Okay. Of course Sherricka has already done a chart on this.

(Staffers - setting up the overhead projector to show chart)

Mr. Grigsby: Okay, this is real simple math. If you got 40,000,000 and you are at 4% that's \$1.6 Million. Okay if you multiply \$1.6 Million times four years you got 6.4 Million. This is all investment banking believe it or not it's simple math. It's nothing mysterious about anything we do and so this chart shows a four year interest cost. We start at about a 4.09 back on 3/10 when we got the commitment from the bank. The scale has gone up and you see 3/23 then we had a big jump and now we are at about 4.45 and now we are starting to slip back down. I think we are at about a 4.42 so 6.5 (six point five) seven million – over a four year period we have lost about, just in terms of the debate we have been having about fees and so forth, we have already lost about \$1.5 Million overall.

Councilwoman Bowman: For what period?

Mr. Grigsby: Since March 10th.

Councilwoman Bowman: March 10th of this year, we have lost what now?

Mr. Grigsby: About a million and a half bucks.

Councilman Long: Additional cost.

Councilwoman Bowman: And what's the reason for that. I want to hear it from you.

Mr. Grigsby: I don't know, it's like pound – you know how they say that about pound, whatever it is, penny-wise, pound foolish. We are worried about two hundred grand in fees, one hundred grand in fees and the market now has taken a million and a half from us while we are having this debate and it's really troubled me because we – if asked how much is this debate is going to cost us we have projections that shows these rates are going up and I'm sitting here going, God I hope this gets resolved before they keep going up. Now I can't prove to you they are going to go up but remember we got all of these economist who write reports and they all say this is where it's going and we knew this on March that we could probably get a blip in the rate and we also think when you get over here we are going to get another blip and the reason is real simple. As the economy improves, more people start shopping, interest rates go up.

Councilwoman Bowman: Mr. Grigsby, let me explain something. When you knew this in March and I think you guys had a meeting, what on the – I don't where you were with the meeting but it was the 10th to the Council's knowledge of March that a meeting was held in reference to this, so therefore the Council as a whole wanted to hear everything at the same time so we had a meeting on the 12th because we were concerned, we wanted to see what, you know, was being presented to us. But during that period on the 12th, just so you would know, the meeting on the 10th and the letter with Wells Fargo, we never got that information. We just got that information the other day in our Council meeting as an amendment and that's what prompted us to be where we are now and wanting to ask questions and wanting to know what was going on, you know, look at it even more closely. So, you know, if money has been lost in the process I don't think that the Council will take full responsibility for that.

Mr. Grigsby: I'm just explaining –

Councilwoman Bowman: And I know what you are doing but I want you to know the other side as well.

Mr. Grigsby: My trouble in my heart is I'm seeing this happen and I'm – believe me I'm just here as a servant to the Council.

Councilwoman Bowman: Believe me, we understand.

Mr. Grigsby: But when I see the interest rates going up, I can't control that and I wish I could control it but that's – the trend line now as you see over just the last month is that the shorter term rates are starting to go up and it's just a function of how well the economy is doing. And so that's sort of where we are. I mean that answers that question.

Councilwoman Bowman: I understand. Thank you.

Councilman Webb: Mr. Grigsby, you made mentioned that we've lost over a million dollars because we are worrying about what your fees are and of course I mean as a Council body we are very much interested in what your fees are. I know (inaudible) really want to speak for Councilman Walford but I do know that he has requested what your fees are and to my knowledge he hasn't received them yet. I think, you may correct if I'm wrong but it's just a simple question.

Councilwoman Bowman: Rick is that what you are passing out?

Councilman Webb: Why are we having – not that we – maybe we are getting them as we –

Councilwoman Bowman: Right, that's what I'm trying to let you know.

Councilman Webb: That's usually the case. We always get them at the last minute, you know so I mean I just –

Mr. Grigsby: I think I can answer that. Our fees –

Mr. Sibley: Madame Chair. What Mr. Seaton is handing out now is the break out I referenced a few minutes ago that justifies the hundred-forty-nine but I would note just for the record that, that estimate was included in the information. What y'all didn't have was the break out that's being handed to you now.

Councilman Walford: What I asked for that Mr. Webb is referring to is the agreement that was referred to in the resolution which was never provided. I did get a copy but the Administration did not provide it and I've sent each of you a copy. But that did not come from the Administration. So if there is a cost involved in the delay it's not those of us sitting up here.

Councilman Webb: We just want to know the disclosure of it, that's all.

Councilwoman Bowman: Councilman Walford, do you have any other –

Councilman Walford: No, I was just answering –

Councilman Webb: I'm through, Madame Chairman.

Councilwoman Bowman: Okay, you are finished. Councilman Wooley.

Councilman Wooley: Not at this time, Madame Chair.

Councilwoman Bowman: Councilman Shyne.

Councilman Shyne: My comments are basically down the same line and Mr. Grigsby, and I know you understand that what we have to have is information – we have to have the

information in order to process it in order to make the right decisions and I don't think anyone up here was adamantly against what your fees were but just being in a position where we have to make those kind of decisions, we at least want to know because you would be surprised at the people that we run into from time to time who – I mean you got some folks out there who study this kind of stuff and they will run into you and ask you some questions and you know you at least want to be knowledgeable enough where you can give them some basic data because if you don't then they think either you are trying to hide something or you don't know what you're talking about. And I have been around a long time and my time is getting short and I know I probably won't be around – my time isn't as short as Mike's here because I think Mike is just cutting his off very soon but you know we at least want to – especially when it comes to matters like this, we at least want to be able to explain or give some kind of credible information when we go to, I won't say a Town Hall meeting or just a neighborhood meeting because whatever we do here impacts – I mean what you do don't only impact us here but it impacts every citizen in the city of Shreveport. So you know we just want to be able to where we can at least look at this in an intelligent light. It's not that we distrust you cause I want to be truthful with you. I have been here long enough to know that if I distrusted you I would make it known, here on the Council, in news media and everywhere else. It's not a point of distrusting but it's just a point of, knowledge is power. The more we understand the more we know what's going on, the better it is and this is why communication is so important even within your own household and you know you are a businessman and you know it's important for you to communicate with the people who work for you or work with you and I think this is the main thing that we were kind of looking at. We just wanted to get the information.

Mr. Grigsby: You know, I agree with that wholeheartedly. I think sometimes as professionals you get so in to working on what we do that we just assume other people know what we do and we are sincere in what we do but we don't necessarily think about communicating all the time and it's – you know this has been such a, I don't want to call it an ordeal but we have been wrestling with things and you wrestle it down, you know all the work you been doing but nobody else necessarily knows all the work you been doing and we have not necessarily done – I think we have done a good job on the deal but I don't think we have done the same level of job on the communication.

Councilwoman Bowman: Councilman Shyne, are you finished.

Councilman Shyne: I am thank you.

Councilwoman Bowman: Councilman Long.

Councilman Long: I have no questions.

Mr. Grigsby: Can I get one more in. I think this is important. This is – I don't know how to work this. (*the overhead projector*).

Councilwoman Bowman: Sharon will be down to help you.

Mr. Grigsby: We did a little comparison of the deal we did in '08 on this same deal which was a remarketing. Every variable rate deal is a remarketing because you have to constantly remarket the bonds. You remarket them the first time but on a weekly deal they are only out there for a week and then they have to be remarketed. If anybody wants to put them back, they can put them back. And this was, I don't know if you can see this but this was the original deal we did and the thing I wanted to point out about this by turning this into a remarketing as oppose to a new deal we are able to not have to go back and do an up front trustee fee, the Trustee is still there, we didn't have to do a bond commission fee, we didn't have to do an underwriters counsel fee, we didn't have to do the rating fee, we didn't have to get another rating; that was twenty four grand; the LCDA – twenty grand; bond commission – twenty grand; the upfront commitment fee is a hundred and eighteen grand; with Wells Fargo their upfront commitment fee is fifty grand; the remarketing there was \$102,000 and if you would look over by doing the remarketing ourselves our total hourly cost is at \$63,000; the FA fee is still about the same because the deal is the same size; the swap fee, believe me the Swap party wants to terminate the swap and get the 2.5 Million just so you know. They are not just call them up, would you please approve the deal so we can move on. They are trying to find a problem with the deal so it forces us to pay them the Swap termination. So to wrestle with them takes a little time and we were able to get them to accept the intermediate term as opposed to a variable rate without any cost to the City. So I just wanted you to see that comparison just with this deal and the last deal and if you wanted to look at the deal in '05 the total fees were \$1.7 Million and just the Swap advisory fee was \$232,000. The Swap advisory fee when this deal was originally done in '05 is equal to what the total cost that we have, the entire team has charged the City for this remarket and that deal was an auction rate deal with all the risk and this deal is a four year fixed rate deal. Just so you can get the comparison. You paid over \$2 Million in fees on the original '05 variable rate deal, two million and we have cut that down significantly, you know not that we are casting aspersions on anybody but we cut that down to \$240,000 from \$2 Million back in '05.

Mr. Sibley: Madame Chair, if I may, Mr. Seaton is handing out now to the Council a couple of charts, one of which addresses what Mr. Grigsby is referring to going back to '97, we kind of recapped all of the total fees, the cost of issuance on the various bond issues just so the council could have some comparison while we are looking at the fee structure.

Councilman Walford: Madame Chair, we could save a lot of time on the fees. All I wanted was that document that was referred to in the resolution. None of us had a copy of it. It has never been furnished to us and I made the request and I didn't get it. That's why I asked to have the fees specified. It would have been very simple to give each of us this, that's all that I wanted but my request was ignored.

Mayor Glover: Madame Chair, with no effort to be oppositional with the Council, whatever faults of not providing that information to you at this point Mr. Walford we will take full responsibility for it but the one thing I do want you all to be aware of as Council is that you all authorized me to enter into that contract in 2008.

Councilman Walford: Then is it unreasonable to ask for a copy of that contract? All I'm trying to do now is –

Mayor Glover: You say you never had it and my only point to you is that part of the condition of you all passing it authorizing the Administration, me as Mayor to enter into it is that you would have had it as a part of the body of documents that you had in 2008 and I know you being a studious member of the Council that you are would have had the opportunity to have studied and reviewed it. And I again, if we didn't get it to you in time I do apologize.

Councilman Walford: It didn't get to me at all. I got a copy of it other ways but I just don't want us beating the dead horse on the fees. That was not my issue, it was just a reference and we had nothing to go on to find out what the fee was. So, we can go into this, I don't mind. I'm just telling the reason that I did Amendment No. 4.

Mayor Glover: Again, Madame Chair if you don't mind. It would have been something Council that you all would have had as a part of your council documents I'm assuming dating back to 2008 as a result of the resolution authorizing the Administration to enter into the contract. Again, apologize for not getting you another copy of it before this point but it is information that this Council has seen before and has given an affirmative vote to and I'm glad to hear Calvin be in a position – because this is the first time I have heard those absolute numbers of \$2 Million for the cost of the original issue of this debt compared to the quarter million that is here today and so thank you Madame Chair.

Councilwoman Bowman: Any other questions at this time for – what's wrong with you Alex? Any other questions for Mr. Grigsby? Any other questions for Mr. Sibley and Administration?

Mr. Sibley: Madame Chair, we also have Bond Counsel here in the event there are any questions.

Councilwoman Bowman: I know it, that's what I asked Alex what's wrong with him. Yes sir, Mr. Boles.

Mr. Boles: I don't have any comments other than to answer questions if you have any.

Councilwoman Bowman: Well I think we asked you a quite a few the last time, didn't we.

Councilman Walford: As round about as we went to get to the Trustee Agreement. You ought to be off the hot seat.

Mr. Boles: I'm happy to answer any questions. I would like to reiterate that I truly believe that we did a good job of putting this together and the fees are in this instance are very low to put in everything that is done and we have worked very hard on this whole process for not just this – I mean this in particular lately is just the fact of the nature of the deal that has

caused us problems that we have had to address weekly if not daily and so there have been a lot of work by the FA and a lot of work by all the counsel on this. Mr. Tim may have not been involved that whole time but we had a lot, a lot, a lot of time in it. I'm proud of the way we were able to put this together. I think it's a very good and very (inaudible) for the City.

Councilman Walford: Madame Chair, I do have another question for Mr. Grigsby, I think.

Councilman Shyne: Mr. Walford, while Mr. Boles is up can I make a statement to him?

Councilman Walford: Go for it.

Councilwoman Bowman: Go ahead Councilman Shyne.

Councilman Shyne: Mr. Boles, I want you to know that we appreciate all of the work and all of the time that you all have put into this. Our position is that we just want to make sure that we know, we understand and there is communication going on because each one of us take an oath of office and each one of us are elected and you don't want nothing to come back and bite you in the rear end, not that it will but sometimes you never know and the only thing we just want to make sure that we were up to date with the information so that the decisions that we make, we could justify them. Whenever I make a decision I want to be to say that I can justify it and I know the other council members too. So and I know you understand it. This is just a part of what it is all about. I mean even when you go to your doctor, you know I don't just and I know the other council members just don't sit there and take his word because he's a doctor cause he's human and he can make mistakes and mistakes are made all the time, so if he says something is wrong with you and you need to have such and such a thing done you want to ask him some pointed questions on should you and sometimes he might say you need to have surgery and you might say, well no I don't think I want – and you might live just as long. So it is in this case, we just want to know. We just want to make sure that when we make these decisions that they are the right decisions because we are living in some economic times – and I'll have to be truthful with you, I never dreamed that I would have live long enough to see America and the world in this kind of financial condition that we are in. So we just want to make sure that we make the right decisions and I think all of us up here have very, very favorable opinions of all of you all. But we just got just certain things that we just want to know and we want to be able to understand, so I don't want you leaving here thinking that we might not have appreciate what you all are doing because we do and we appreciate what the administration is doing because Tom Dark is not here and I trying to think of – Joyce what's the other lady that was your cousin –

Councilwoman Bowman: Don't start that Joe. Do not start that.

Councilman Shyne: What was the other lady's name?

Councilwoman Bowman: I didn't have a cousin up here.

Councilman Shyne: No, not Liz. Mr. Mayor you know, yeah Edna. And you know even when the Mayor was on the council. I know he's over there laughing. But even – I mean Tom, Edna and Liz were our financial people that we kind of depended on because they had years and years of experience. You know Rick is doing well but you got to understand this is Rick's first rodeo at this and when it's your first rodeo at it, you know you have a tendency to make mistakes. So we just want sure that all of us are on the same boat because I have people who ask me pointed questions all the time because they figure since I've been down here four or five days I ought to just know everything and you don't. And the only way that we can know is that we have to ask you all. You know I appreciate the job that you all have done.

Mr. Boles: I never took any umbrage at what you said I'm happy to answer the questions and I want you all to know I very much value the relationship and appreciate the opportunity to stand here and answer questions if you have them and I appreciate the opportunity to work with y'all.

Councilwoman Bowman: Let me ask you one thing. The last meeting, do you – you do go before other councils in different parishes or whatever, right?

Mr. Boles: I represent the city of Monroe and a bunch of towns.

Councilwoman Bowman: That's what I'm talking about. When you speak to them about issues dealing with their bonds or whatever, in comparison to last weeks meeting, you seemed real excited.

Mr. Boles: I did?

Councilwoman Bowman: No sir, you didn't. Believe me, I'm just kind of joking with you but I was just kind of getting at the point that I'm sure that they probably don't get as much into it as this council.

Mr. Boles: You would be surprised.

Councilwoman Bowman: Oh really? Oh, well hey y'all let's bring it on.

Mr. Boles: But there become issues from time to time, they take a while.

Councilwoman Bowman: And I can imagine and that's where I'm going with that. You know, it's like everybody wants to be in the know and we don't want to sit here and just rubber stamp things and then come back and be sorry later and then not even know how to explain what happened. So you understand where we are.

Mr. Boles: I certainly do and I think the better informed you are obviously the better choices you make and you owe it to your constituents.

Councilwoman Bowman: Thank you very much, Bill. Mr. Walford.

Mr. Sibley: Madame Chair, you had call for Mr. Grigsby.

Councilwoman Bowman: Yeah, I was going back to Monty he had something for Mr. Grigsby. Am I correct?

Councilman Walford: You are. You probably have said this but tell me again if you did. If during the four years conditions are such that we want out of this deal, what kind of prepayment penalties if any do we have with Wells?

Mr. Grigsby: We have no prepayment penalty. We treat this just like an advance refunding where we go out, we sell the new bonds, we create an escrow to pay off the old bonds and we move on.

Councilman Walford: Okay, now let's go back to one other thing that is in the terms that seems to me to be different than what I understood last week. The money – all of our Riverfront receipts will go to the Trustee, is that correct?

Mr. Grigsby: No, they go to Capital One.

Councilman Walford: They will not pay a 100% of those to the Trustee only the principal and interest.

Mr. Grigsby: Only the principal and interest if prior to the time that Riverfront Funds go to the Capital One and you have not already put the monthly payment in that particular account with the Trustee. In other words Mr. Madden could put the entire payment with the Trustee from the General Fund or from whatever funds or the Hotel Fund and the entire Riverfront Fund will come straight to Cap One.

Councilman Walford: Okay. But they are now also calling for the Hotel Operating Profits to go there.

Mr. Grigsby: The Hotel Operating Profits and the Riverfront Fund have been pledged –

Councilman Walford: We have not had to give them to the Trustee in the past and I think Mr. Sibley and probably Mr. Madden will tell you there was quite an accumulation of operating profits that wasn't paid monthly or anything to the City, am I correct? Who wants to address that? Charles do you want come up here and talk about that? They are going to go to the management company and apparently we –

Mr. Madden: They're going to Capital One.

Councilman Walford: When?

Mr. Madden: Whenever we request them from the Hotel.

Councilman Walford: So when you had that rather large accumulation was that because we hadn't requested –

Mr. Madden: Yes.

Councilman Walford: So are we now going to set up something where the management company is paying us?

Mr. Madden: Yes we will and basically when it comes in, the money from the casinos would have already paid any debt service for whatever month it is so that money will in a sense come directly to us.

Councilman Walford: So when we say operating profits, how are we going to do that? For what period are we going –

Mr. Madden: We get them – we're going to start requesting them every six months because they want to keep a certain amount in or we have agreed in the contract that they have a certain amount for unforeseen things coming up.

Councilman Walford: Okay, so each six months we will, assuming there is a profit we will –

Mr. Madden: We will request it, yes.

Councilman Walford: That in turn will repay what's been used out of General Fund Casino Revenues?

Mr. Madden: Yes.

Councilman Walford: So that the Hotel is paying for the Hotel.

Mr. Madden: Yes, that's correct.

Councilman Walford: So basically we are going to be borrowing from – we probably have been borrowing from the Casino to pay –

Mr. Madden: From the General activity of all the accounts, correct up to this point.

Councilman Walford: Thank you Madame Chairman, I think that answers my questions.

Councilwoman Bowman: Okay, now at this time we have Amendment No. 3 before us it was moved by Councilman Webb, it was seconded by Councilman Long and I think we have had discussion at this time let us vote.

Councilman Walford: One last discussion.

Councilwoman Bowman: Hurry up.

Councilman Walford: I still favor Amendment No. 4 with stated fees.

Councilman Webb: With what?

Councilman Walford: Amendment No. 4 should be the same thing but it states the fees and the not to exceed.

Councilman Webb: Okay and Amendment No. 3 doesn't?

Councilman Walford: Does not.

Councilman Webb: We don't even have Amendment No. 4 on our agenda.

Councilwoman Bowman: Yes, it's on there, refresh.

Mr. Sibley: Madame Chair. Just for the record if there is no difference except the fees as we discussed, we discussed that, they're fine, they're exact and we have no problem with Amendment 4 if the only thing it does is bring those not to exceed numbers in.

Councilman Shyne: I'm going with Mr. Sibley. If you recommend.

Mr. Sibley: Well we recommend No. 3.

Motion approved by the following vote: Ayes: Councilmen Lester, Long, Wooley, Webb, Shyne, and Bowman. 6. Nays: Councilman Walford. 1.

Councilwoman Bowman: Okay at this time Amendment No. 3 carries with 6 Ayes and 1 Nay.

Motion by Councilman Lester, seconded by Long to adopt the resolution as amended.

Substitute motion by Councilman Walford, seconded by Councilman Webb to adopt Amendment No. 4.

Councilman Long: Would this substitute then replace Amendment 3.

Mr. Thompson: That's what we were just discussing, Ms. Glass and I.

Ms. Glass: I have to defer to Ms Scott but my understanding was that No. 3 and No. 4 were the same except 4 adds the fees so if No. 4 passes then all the same changes would be made plus the fees.

Councilman Long: Okay so we can adopt it and still have 3 in place.

Ms. Glass: Terri is that right.

Councilman Long: Okay, I'm good.

Ms. Scott: Yes, ma'am.

AMENDMENT NO. 4 TO RESOLUTION 49 OF 2010

Amend the Resolution as follows:

Delete the Resolution as introduced and substitute with the attached Resolution.

Explanation:

This amendment:

1) Amends the first "WHEREAS" paragraph to identify the Louisiana Local Government Environmental Facilities and Community Development Authority as the "Authority" or the "Issuer".

2) Amends the third "WHEREAS" paragraph to add the amount of the present principal balance of the Bonds (\$40,575,000)

3) Amends the fifth "WHEREAS" paragraph to now provide that the Bonds will be placed, within the structure of the existing Bond Documents previously approved by the State Bond Commission and the Authority, with Wells Fargo Bank, N.A. at a modified variable rate equal to the greater of (1) the Thompson Financials Municipal Market Data scale for "AAA" municipal yields for the year 2014 to be determined immediately prior to closing plus 3.00 per centum per annum; or (2) 4.125 per centum per annum for a period of 4 years, and if the Bonds are not remarketed at the expiration of the placement period at a rate of interest consisting of the lesser of either 12% per annum or the maximum rate allowed by applicable law.

4) Adds new sixth "WHEREAS" paragraph to provide that as a condition of the Placement, the City will take such action and make any required notification necessary to cause those funds of the City which arise from the City's receipt of fees and other funds from casinos located within the City's corporate boundaries and those funds which arise from the City's receipt of funds from the operating profits of the Hotel, which funds are already pledged to secure the Bonds, to now be paid to the Trustee of the Bonds by having the funds deposited into a Trustee account for the benefit of the Bondholders with Capital One Bank, first to fund monthly principal and interest payments and reserves to be used as directed by the Trustee (but only to the extent permitted in the Bond Documents as amended, and second, to pay to the City any funds remaining after satisfying such obligations.

5) Amends original “WHEREAS” paragraph 6 (new “WHEREAS” paragraph 7) by adding the phrase “. . . and the Directed Payments”, at the end of the sentence.

6) Amends Sections 1, 2, 3, and 4 of the “NOW, THEREFORE, BE IT RESOLVED” paragraph by adding the language shown in bold type in each Section:

“Section 1: **Authority.** The Mayor and the Clerk of the City are hereby authorized and directed, for and on behalf of the City, to do all things necessary, on the advice of Bond Counsel (as defined below), to implement the actions authorized by this Resolution, including the negotiation and execution **on behalf of the City, and in conjunction with the Authority, of any** agreements, documents or certificates necessary in connection with the Placement of the Bonds **at the Modified Variable Rate** with the Bank **and to cause the implementation of the Directed Payments** including, but not limited to, any necessary modifications of the Bond Documents, provided such modifications are consistent with the terms of the prior approvals granted to **Authority** by the SBC with respect to the Bonds (the “SBC Approvals”). Said officials are hereby further authorized and directed to approve, for and on behalf of and the in the name of the City, any changes, additions or deletions in any of the Bond Documents, together with such **fees and expenses of Bank, including attorneys fees, incurred in connection with the Placement, and such** additional documents, instruments or certificates required by the Bank, **and/or the Authority** provided that all such changes, additions or deletions, if any, along with any other documents, shall be approved by Bond Counsel and consistent with, and within the authority provided by, the Act and the SBC Approvals **and the Bond Documents, as modified.”**

Section 2: Employment of Bond Counsel. The City hereby finds and determines that a real necessity exists for the employment of special bond counsel in connection with the Placement and accordingly The Boles Law Firm, A Professional Corporation, Monroe, Louisiana (“Bond Counsel”), is hereby appointed and employed to do and perform comprehensive legal and coordinate professional work with respect to the Placement and **any modifications** of the Bond Documents **as well as drafting any and all documents necessary to effectuate delivery of the Directed Payments to the Trustee as may be reasonably requested by counsel to the Bank.** Said Bond Counsel shall prepare and submit to such officials of the City for execution all agreements, documents and certificates incidental to, and shall counsel and advise the Governing Authority on the foregoing. The fees to be paid to Bond Counsel shall be hourly in accordance with Louisiana Attorney General's hourly fee schedule for representation in bond matters **in an amount not to exceed \$35,000.00** together with reimbursement of out-of-pocket expenses incurred and advanced in connection with the representation, said fees and expenses to be payable by the City upon conclusion of the Placement **and after notification and approval by the SBC of such fees and expenses.**

Section 3: Special Placement Counsel. Washington and Wells, Attorneys at Law, Shreveport, Louisiana (“Special Placement Counsel”) are hereby appointed and employed as Special Placement Counsel in connection with the Placement and the modification of the

Bond Documents. The fees to be paid to Special Placement Counsel shall be **hourly in an amount not to exceed \$15,000.00**, together with reimbursement of out-of-pocket expenses incurred and advanced in connection with the representation, said fees and expenses to be payable by the City upon conclusion of the Placement.

Section 4. Financial Advisor. Grigsby & Associates, Inc., of San Francisco, California is hereby appointed and employed as financial adviser in connection with the Placement.

The fees to be paid for such services shall be **\$149,606.25**, together with reimbursement of out-of-pocket expenses incurred and advanced **in an amount not to exceed \$10,000.00** are to be paid in accordance with the Financial Advisor's current agreement with the City and shall be payable upon the conclusion of the Placement.

RESOLUTION NO. 49 OF 2010

A RESOLUTION 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 ARE REQUIRED TO EFFECTUATE THE PLACEMENT, MAKING NOTIFICATION TO THE LOUISIANA STATE BOND COMMISSION FOR APPROVAL OF RELATED FEES, AND OTHERWISE PROVIDING WITH RESPECT THERETO.

WHEREAS, the Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority" or "Issuer") is a political subdivision of the State of Louisiana established for public purposes including the issuance of bonds and refunding bonds pursuant to Chapter 10-D of Title 33 of the Louisiana Revised Statutes of 1950, as amended (LSA-R.S. 33:4548.1 through 4548.16) (the "Act"); and

WHEREAS, by prior resolution, the City of Shreveport, State of Louisiana (the "City") became a participating political subdivision and member of the Authority; and

WHEREAS, the Authority has previously issued its \$40,980,000 Revenue Refunding Bonds (Shreveport Convention Center Hotel Project) Series 2008 with a present principal balance of \$40,575,000 (the "Bonds"), to refund bonds issued for the acquisition and construction of the Shreveport Convention Center Hotel (the "Hotel") on behalf of the City; and

WHEREAS, in the course of the issuance of the Bonds, certain documents were entered into by the City, the Authority and other parties involved in the transaction including, but

not limited to, a Letter of Credit, a Loan Agreement, a Trust Indenture, a Remarketing Agreement, and the swap allocation documents (the "Bond Documents"); and

WHEREAS, the City has preliminarily negotiated terms whereby the Bonds, within the structure of the existing Bond Documents previously approved by the Louisiana State Bond Commission (the "SBC") and the Authority, will be placed (the "Placement") with Wells Fargo Bank, N.A. (the "Bank") at a modified variable rate (the "Modified Variable Rate") equal to the greater of (1) the Thompson Financial's Municipal Market Data scale for "AAA" municipal yields for the year 2014 to be determined immediately prior to closing plus 3.00 per centum (3.00%) per annum; or (2) 4.125 per centum (4.125%) per annum for a period of four (4) years (the "Placement Period"), and if the Bonds are not remarketed at the expiration of the Placement Period at a rate of interest consisting of the lesser of either twelve per centum (12%) per annum or the maximum rate allowed by applicable law; and

WHEREAS, as a condition to the Placement, the City will take such action and make any required notification necessary to cause those funds of the City which arise from the City's receipt of fees and other funds from casinos located within the City's corporate boundaries and those funds which arise from the City's receipt of funds from the operating profits of the Hotel, which funds are already pledged to secure the Bonds, to now be paid to the Trustee of the Bonds (the "Directed Payments") by having those funds deposited into a Trustee account for the benefit of the Bondholders with Capital One Bank, first, to fund monthly principal and interest payments and reserves to be used as directed by the Trustee (but only to the extent permitted in the Bond Documents, as amended), and second, to pay to the City any funds remaining after satisfying such obligations; and

WHEREAS, the City desires to engage professionals in order to make any required modifications and amendments to the Bond Documents and to negotiate any and all related documents in connection with the Placement and the Directed Payments; and

WHEREAS, the City and/or the Authority are required to notify the SBC of the proposed fees of the professionals arising in conjunction with work associated with any existing bond issue modifications.

NOW, THEREFORE, BE IT RESOLVED, BY THE City Council of the City of Shreveport, in legal session convened, acting as the governing authority thereof (the "Governing Authority"), that:

Section 1: Authority. The Mayor and the Clerk of the City are hereby authorized and directed, for and on behalf of the City, to do all things necessary, on the advice of Bond Counsel (as defined below), to implement the actions authorized by this Resolution, including the negotiation and execution on behalf of the City, and in conjunction with the Authority, of any agreements, documents or certificates necessary in connection with the Placement of the Bonds at the Modified Variable Rate with the Bank and to cause the implementation of the Directed Payments including, but not limited to, any necessary modifications of the Bond Documents,

provided such modifications are consistent with the terms of the prior approvals granted to Authority by the SBC with respect to the Bonds (the "SBC Approvals"). Said officials are hereby further authorized and directed to approve, for and on behalf of and the in the name of the City, any changes, additions or deletions in any of the Bond Documents, together with such fees and expenses of the Bank, including attorneys fees, incurred in connection with the Placement, and such additional documents, instruments or certificates required by the Bank and/or the Authority, provided that all such changes, additions or deletions, if any, along with any other documents, shall be approved by Bond Counsel and consistent with, and within the authority provided by, the Act and the SBC Approvals and the Bond Documents, as modified.

Section 2: Employment of Bond Counsel. The City hereby finds and determines that a real necessity exists for the employment of special bond counsel in connection with the Placement and accordingly The Boles Law Firm, A Professional Corporation, Monroe, Louisiana ("Bond Counsel"), is hereby appointed and employed to do and perform comprehensive legal and coordinate professional work with respect to the Placement and any modifications of the Bond Documents as well as drafting any and all documents necessary to effectuate delivery of the Directed Payments to the Trustee as may be reasonably requested by counsel to the Bank. Said Bond Counsel shall prepare and submit to such officials of the City for execution all agreements, documents and certificates incidental to, and shall counsel and advise the Governing Authority on the foregoing. The fees to be paid to Bond Counsel shall be hourly in an amount in accordance with Louisiana Attorney General's hourly fee schedule for representation in bond matters in an amount not to exceed \$35,000.00 together with reimbursement of out-of-pocket expenses incurred and advanced in connection with the representation, said fees and expenses to be payable by the City upon conclusion of the Placement and after notification and approval by the SBC of such fees and expenses.

Section 3. Special Placement Counsel. Washington and Wells, Attorneys at Law, Shreveport, Louisiana ("Special Placement Counsel") are hereby appointed and employed as Special Placement Counsel in connection with the Placement and the modification of the Bond Documents. The fees to be paid to Special Placement Counsel shall be hourly in an amount not to exceed \$15,000.00, together with reimbursement of out-of-pocket expenses incurred and advanced in connection with the representation, said fees and expenses to be payable by the City upon conclusion of the Placement.

Section 4. Financial Advisor. Grigsby & Associates, Inc., of San Francisco, California is hereby appointed and employed as financial adviser in connection with the Placement. The fees to be paid for such services shall be \$149,606.25, together with reimbursement of out-of-pocket expenses incurred and advanced in an amount not to exceed \$10,000.00. The fees are to be paid in accordance with the Financial

Advisor's current agreement with the City and shall be payable upon the conclusion of the Placement.

Section 5. Other Professionals. Should it be necessary to engage other professionals, the Authorized Officers (as defined below) shall be entitled to engage such professionals provided the contracts employing such professionals shall be promptly submitted to this Council.

Section 6. SBC Swap Approval. Issuer understands, agrees and binds itself, its successors and assigns to, full and continuing compliance with the “State Bond Commission Policy on Approval of Proposed Use of Swaps, or other forms of Derivative Products, Hedges, Etc.” (the “Policy”), adopted by the State Bond Commission on July 20, 2006, as to the borrowings and other matters subject to the approvals, including subsequent application and approval under said Policy of the implementation or use of any swaps or other products or enhancements covered thereby.

BE IT FURTHER RESOLVED, that the City Council hereby authorizes and directs its Mayor, Chief Administrative Officer, Director of Finance, and/or Clerk, together such other officials of the City as may be necessary, either individually or in concert with each other (collectively, the “Authorized Officers”) to do any and all things necessary and incidental to carry out the provisions of these resolutions.

BE IT FURTHER RESOLVED, that if any provision or item of these resolutions or the application thereof is held invalid, such invalidity shall not affect other provisions, items or applications of this resolution which can be given effect without the invalid provisions, items or applications, and to this end, the provisions of this resolution are hereby declared to be severable.

BE IT FURTHER RESOLVED that all resolutions in conflict herewith are hereby repealed.

Mr. Shyne: Let me ask this question Madame Chairman. Mr. Sibley is there a legal reason or is there any reason that if we put the fees in there it would impact –

Mr. Sibley: We discussed it Mr. Shyne and I’ll defer to Ms. Scott and our concern was because there are contracts it basically set out the fees but in this particular case the ‘not to exceed’ tends to mirror the contract but we were concerned with setting precedent and Ms. Scott if you would address that, please.

Ms. Scott: Madame Chair and members of the Council, that’s correct. There is always a possibility however that since these gentlemen, lady – these gentlemen are being paid on an hourly rate that the fees may be less than that. The only thing that Amendment No. 4 does is to add language the same as Amendment No. 3 but it sets a not to exceed amount for

those fees. So whatever those hourly fees are they shall not exceed the amount that's stated in No. 4.

Mr. Thompson: Madame Chair, when I read it earlier I thought it –

Ms. Scott: Well, let me go back. For the Bond Counsel, that sets a fee of \$35,000 not to exceed plus reimbursement for expenses. For the FA it sets fees in the amount of \$149,606 –

Mr. Thompson: And .25 cent.

Councilwoman Bowman: Oh, don't forget .25 cent.

Ms. Scott: And .25 cent, I'm sorry. Plus reimbursements not to exceed \$10,000. For the Special Placement Counsel it sets fees in an amount not to exceed \$15,000.

Councilman Walford: Madame Chair and I believe Mr. Boles and maybe Mr. Washington – last meeting y'all stated that that would be the maximum fee as I recall.

Mr. Boles: Yes sir, that's the way the bond

Councilman Walford: You agreed to do it for that.

Mr. Boles: We agreed to do it for – can I change my mind now.

Councilman Walford: No, we are about to vote on it. We are about to lock you in.

Councilwoman Bowman: Too late

Mr. Boles: It may not be that much to not to exceed, is correct, it will not exceed that. It could be less.

Councilman Walford: Final answer. Okay.

Councilman Lester: I mean if it doesn't make a difference, it doesn't make a difference. I guess what I don't understand is if we previously have a contract in place with these individuals that the Council voted on, why would we do an ordinance that would seem to potentially conflict with a contract that we already have that we know is a law between the parties. I mean we've had situations where we have done bond deals and we've had no conversation about the fees whatsoever and in the case that we are dealing with now and in this scenario and under this administration we have a fee structure that's done on an hourly basis and so if it takes four or five hours to accomplish the work and they're paid on that basis, why is there a need to put a clause in there that says the fees are not to exceed a certain amount when that amount is an hourly scenario that is already set out by contract

that this body voted on. I mean, I don't understand. It's like you're asking for protection against an agreement that you've already negotiated.

Councilman Walford: The very thing that Mr. Boles stood up and told us last time, that they would limit their fees to that certain amount even though the Attorney General's fee schedule might allow more. They have agreed to do this project for that fee and so, he stated it that was where the idea came from now we put it in the resolution. I don't see anything wrong with that.

Councilman Lester: His contract as I appreciate, the Attorney General situation says the fee structure is a not to exceed amount, it's illustrative, it is not necessarily binding to give up it's range and they have set their hourly fee so by setting a not to exceed arrangement are you saying that if it takes 30 minutes to do the work which you are only going to pay them to do 10, that's it. I mean cause –

Councilman Walford: They said it Mr. Lester not me. I merely put it in the ordinance.

Councilman Lester: I guess what I don't understand is Mr. Walford with respect, why is it necessary if the person that we've hired to do the work has said, this is what I think the fees are going to be and he has also said, this is a contract that I have negotiated with this body, why is there a necessity for us to bind him twice.

Councilman Walford: I've seen no contract as far as the legal merely the hourly. I urge a yes vote.

Councilman Lester: I mean the hourly fees are the hourly fees.

Councilman Walford: Okay.

Councilman Lester: I mean if I'm lost, somebody tell me. If he's contracted at a hourly fee his fee is what his fee is.

Councilman Wooley: I think Mr. Boles would like to respond to that.

Mr. Boles: We on the Bond side, we get hired transaction by transaction and we were hired and our contract is by this ordinance that we hired. We try to estimate so we won't under estimate so we usually over estimate, try to over estimate it cause we are working on a hourly basis but we had the contract is the ordinance with you all on a case by case basis. It's different then Mr. Grigsby, he has a contract that goes for all the deals. So I just want you to understand that this is a deal by deal, each time I have it's not a (inaudible) contract but I agree to do that and that is my contract with you all, the law professionals and the fee schedule is – for somebody who has worked over ten years –

\$175 an hour is what my rate is.

Councilman Lester: I mean the AG has set the rates so it is not something that you came up with there is a rate that's set and the fees that you charge are based on the rates that are set and recognized by the State and I mean, fine – I don't want to –

Mr. Boles: Mine is different than Mr. – my deal with it.

Councilman Lester: I understand and Council I don't want to prolong it so I'm vote for it. I will say I don't understand the additional need to be secure about fees when the fees have been set on more than one level and have been agreed to. If that's what it takes then that's what it takes. It seems like we are adding something above and beyond that's completely unnecessary but you know everybody has to do what everybody has to do, so thank you Madame Chair.

Councilman Shyne: Well, I guess Calvin and I think a lot alike a lot of times maybe because we grew up in the same type of neighborhood but I have a tendency to agree. I don't know maybe I look at it like there has to be a certain amount of trust and you know if I don't have that certain amount of trust in you I don't even want you doing the business period. And there is certain amount of integrity and you know sometimes you can tie a person's hands so until you don't put in what you actually need to put in, if I'm making any sense to you. I want you to leave here feeling good about the deal and about the situation. I want to feel good about the situation and if we both feel good about the situation then we are going to get a better product if I'm making any sense.

Mr. Boles: Yes sir.

Councilman Shyne: And that's why I was wanting from the administration – you know I think if I have to tie your hands to make sure that you don't beat me out of something then I don't need you. I feel comfortable with No. 3 but for the pleasure of my colleague Councilman Walford I'm going to vote for it but I just want you to know that I'm the type of person that I have to believe in you. I know this is business but I still have to believe in you. I have to trust you. I have to believe that you have a certain amount of integrity because I want you to understand that you can trust me and I have a certain amount of integrity and I want both of us leaving here feeling good about the deal and I want to be able to feel like that, hey you going to give me a hundred plus even if it might cost you a little something over here. You know you going to say well look, I enjoyed working with these people so even if I have to give them a little bit more time I don't mind doing that. So that's my position and I want the administration to understand that but Councilman Walford you are dear friend of mine and I know your intentions are Christian like so I'm going –

Mr. Boles: Well 3 or 4 I'm limited. It doesn't matter whether it's stated or not.

Councilman Wooley: I just wanted to say the reason why I'm going to support for because the gentleman has taken the time or taken the position to make that statement so we are just simply binding the man to his word. That's all. Thank you.

Councilman Lester: Thank you Madame Chair and I'll say this and end. The thing that I'm concerned about Madame Chair and Council and if we vote for No. 4 that's fine, I don't want to leave this chamber with the perception that there is something unusual or untoward that's going on with the fee structure of this and any other bond deal, okay. Cause more often than not when the Council decides to do something different or deviates from what it has been doing in the past those people that paid somewhat of a cursory note to what we do will subscribe negative comments. They will say, well obviously the Council feels that if they have not done this before there must be some reason why they're doing it now and so that's magnified. I think the record will reflect that the fee structure is set by Attorney General, that all counsels have contracts that have been negotiated and approved by this body, have had no conversation about that. The empirical evidence I think will show and I think we have it here where these professional that we have hired time and time again have done these bond deals at a substantial, substantially lower fee structure that has been done in previous administrations and have done a work in a way that has been saving the City money, all of that's there. So vote for No. 4 but I want our friends in the Fourth – what do you call it Mr. Mayor.

Mayor Glover: The Fourth Estate

Councilman Lester: The Fourth Estate, thank you both of you gentlemen – the Fourth Estate to understand that there is nothing untoward going on; that there is nothing unusual going on; that there is – this vote of No. 4 is not a manifestation of a lack of confidence in what clearly is a lot of work done by a lot of people to save this City a lot of money and we have at least from this particular Councilman absolute confidence in the product that you have done and the work because the bottom line speaks for itself. So I just wanted to make that clear. Now when it goes forward it might be as clear as mud that usually happens. I'm sorry I'm the one that said it which means it probably won't get reported but that notwithstanding, I do think it's important that you guys leave as – you know the great philosopher Joe Shyne just said, you know we don't want you leaving here with a bad taste in your mouth because it is not about that at all. Y'all have done the work. Thank you Madame Chair.

Councilwoman Bowman: Mr. Boles in reference to what my colleagues just said, you remember what Scarface said when they said, "who do you trust." Me. I'm sorry I don't trust city government. I don't trust government period and that's just me. So if it takes me to ask a million questions and get the answers I need, that's the way it's going to be. I'm speaking for me. What you present to me I appreciate; I look over it; I ask questions; I try to get an understanding; that's what it's all about and you all I think did what you were supposed to do. You presented to us information, we looked over it; we asked questions; we did what we were suppose to do. Now the matter of trust or distrust at this point is just doing what's best for the citizens that we represent, that's all it is.

Mr. Boles: No offense taken.

Councilwoman Bowman: Thank you and honestly thank you for all the time and effort Mr. Grigsby, thank you for coming back to Shreveport, cause I was going to talk about you. Not that you care but I was.

Mr. Sibley: He must have gotten that message Madame.

Councilwoman Bowman: Yeah.

Mr. Grigsby: Being here in spirit is not enough.

Councilwoman Bowman: No, that wasn't going to do it.

Mayor Glover: Madame Chair, thank you much, members of the Council I want to express my appreciation to you all for the work that you all have done with this administration on this particular matter as well as all of the other Bond decorated matters that we have dealt with over the past three plus years. And I know that there may be some folks out there who may ask and wonder why it is that this process moves forward differently with this Administration and this Council then it did with previous Councils. My response to that is, is that I can't answer that question. What I can tell you is this and that is I believe the process that we have put in place since we've been at the helm has been one that has served the citizens of the city of Shreveport very well and so Madame Chair I appreciate that lack of trust that you have because it insures that everything that we bring to you and the other six members of this council is in fact, above board and is in fact sound and it does in fact make sense and it ultimate ends up being in the best interest of the city of Shreveport and for the best value. Now, the one thing that I also know and I'm not pointing any fingers, you can simply look at the numbers and you can probably say that, that may not have always been the case. And I am not going to cast aspersions on anybody who has been here who's been here, I do feel the need though however, to speak for my off the street gang if you don't mind me doing so for just a couple of minutes and that is the people that we have assembled here including Rick Seaton, Dale Sibley, Charles Madden, Calvin Grigsby, Bill Boles, Jacque Scott, Alex Washington, Shante' Wells, and Sherricka Fields, Terri Scott as our legal counsel have done an outstanding job in helping us to be able deal with what were some rather untenable situations when we first came on board. We realized that we were in the midst of seven credit default Swaps. A concept that I didn't even understand existed until Mr. Grigsby sat and begin to explain or outline exactly where we were in terms that were readily understandable and he said that if you want to help the City 1) save some money and avoid what are going to be some rather daunting circumstances in the future you all need to execute a path that is going to get you out of these as quickly as you can and with you all's help and support we have done just that. This is the seventh of six that we ended up in or that we inherited rather and it's something that I think represents one of the collective accomplishments of both this council and this administration in terms of what it is that we have done to serve the citizens of the city of Shreveport over the last several years. And so I want to commend again, you all for having the very critical eye. Mr. Walford and I have gone back and forth about this and I appreciate, I believe, the positive tension that has existed between he and I in particular and the Council as a whole in terms

of insuring that everything that we do with regard to the fiscal matters of the city of Shreveport end up being aired in the light of day. Because these are matters that are so complex and also so costly that it can be exhausting and often times the inclination is just to simply say, well these are folks I believe we can trust so lets just go ahead and let them go ahead and handle it. But now what that often results in is situations where we end up with situations that maybe we would not have gotten ourselves into had we looked at it with a bit more of a jaundice eye. I think that's no more clearly illustrated then the fact that this particular process is being executed today with fees that won't exceed, is it \$259,000 -- \$250,000 to be exact compared to original issued expenses that exceeded and correct me again if I'm worry \$2 Million –

Mr. Grigsby: It was in the 1.95 but it averages up to \$2 Million, it's not over two million.

Mr. Glover: Right at \$2 Million and because of the fact that this is a Council that does not accept the word of this Administration at face value but makes us have to stand up and prove our case and make our case every time and we appreciate and respect that. You are talking about a situation that's a \$1.7 Million difference between what we are doing here today and what was done originally with the issuance of this same \$40 Million in debt. So we appreciate it, we acknowledge it, we respect it and we think it ends up ultimately as I said serving the best interest of the folks that we are all here to represent and that's the citizens of the city of Shreveport. So thank you all and we look forward to continuing the work with you as we move forward to address these types of matters in the future. Thank you Madame Chair. Thank you, members of the Council.

Councilwoman Bowman: Thank you Mr. Mayor. I need to thank this Council too for taking the time out to look these – and Art Thompson and Sharon and –

Mr. Thompson: No, I said, let's vote.

Councilwoman Bowman: We are going to. I do, I want to make sure that I thank them for taking the time out to look at these issues and to make sure that we ask the questions that the citizens of Shreveport request – would want to hear from us and I think you did a very good job at doing that and again, it was Scarface that said, "who do you trust." Me. Let's vote.

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

Motion by Councilman Lester, seconded by Councilman Shyne to adopt the resolution as amended.

Councilman Walford: Discussion.

Councilwoman Bowman: Yes sir, Councilman Walford.

Councilman Walford: I'm going to vote for this and I hope that we've learned a lesson from this. I know that I don't speak for just myself when I say that we felt slighted when we didn't have the information for a month and I think we are going to have to do a better job of that both ways. And Mr. Sibley I'm going to say when I didn't like the issue of the Trustee getting the hundred percent of the Riverfront revenues, you didn't think it was an issue, I did and I think it's something that we should have discussed. I think we resolved it reasonably well. I don't necessarily like it but at least they don't get a hundred percent of our money and hold on to. It goes to our bank but those are issues to the Council. I know within the Administration you guys may have thought, ah, no big deal but I think you know now from the discussion it was a big deal up here. I really think we could have avoided two extra meetings and an awful lot of time that we've spent between ourselves if we had, had the information sooner. So the Mayor says that we had a lot of positive discussion, does that mean that you really don't think that I support Lehman Brothers and AIG.

Mayor Glover: I'm still – hadn't concluded on that one Mr. Walford. We will have to discuss that one over a fria cerveza.

Councilwoman Bowman: A Samuel Adams. Let's vote.

Motion approved by the following vote: Councilmen Lester, Walford, Long, Wooley, Webb, Shyne, and Bowman. Ayes: 7. Nays: None.

There being no other business to come before Council the meeting adjourned at 11:26 a.m.

//s// Joyce Bowman, Chairman

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