



CEDRIC B. GLOVER  
MAYOR

ROD RICHARDSON  
Director of Communications

505 Travis Street Suite 200  
Shreveport, Louisiana 71101  
Tel. 318.673.5008  
Fax.318.673.5099  
Cell.318.525.7039

[rod.richardson@shreveportla.gov](mailto:rod.richardson@shreveportla.gov)

## PRESS RELEASE

---

April 8, 2014

### Administration proposes bond remarketing plan that saves millions

Mayor Cedric Glover is presenting the City Council with a plan to remarket hotel and utility bonds at reduced interest rates and a combined savings of \$9 million dollars over the next five years.

The first resolution authorizes the City to proceed with the remarketing of the remaining principal balance of approximately \$39 million in bonds related to the Shreveport Convention Center Hotel project from 2008. The deadline to act is June 1, 2014. Missing that deadline would result in the annual interest rate on the hotel bonds increasing from 4.22 percent to 12 percent.

The second part of the plan authorizes the City to extend the current placement of the principal balance of approximately \$48.8 million in utility bonds related to infrastructure projects started in 2005. Failing to act by June 23, 2014 would result in the annual interest rate on these bonds rising from 3.3 percent to 6.3 percent.

Both the hotel bonds and the utility bonds have an interest rate swap attached to them. Any long-term, fixed-rate refunding of the bonds would result in a termination of that swap and the payment of a penalty exceeding \$9 million. The continued remarketing in the variable rate mode matches the swap and avoids the termination fees. This restructuring was done in 2009 and 2010 by Calvin Grigsby & Associates.

The Administration, working without assistance from a financial adviser, has sought remarketing proposals from local banks and underwriters. The council has refused to use Grigsby for future transactions for the City, contending that he owes the City more than \$53,000 in overcharges for past work. In an effort to settle the dispute, Grigsby placed the amount in question in a local escrow account and suggested the matter be settled through binding arbitration. That offer, so far, has been rejected by the council, which has opted to sue Grigsby to recover the funds.

Over the past seven years, Grigsby assisted the City with eliminating seven out of eight swaps. The final swap was not terminated due to the high expense of terminating, which Grigsby was continually monitoring for the optimal time and method to terminate. However, the swap complicated the hotel and utility transactions. Grigsby structured the prior transactions on the hotel (2010) and utility bonds (2009) to avoid penalties caused by a swap termination. The transactions presented to the council this afternoon are a "re-do" of the prior work done, under the same structure the City already has benefitted from thanks to Grigsby's expertise.



CEDRIC B. GLOVER  
MAYOR

ROD RICHARDSON  
Director of Communications

505 Travis Street Suite 200  
Shreveport, Louisiana 71101  
Tel. 318.673.5008  
Fax.318.673.5099  
Cell.318.525.7039

[rod.richardson@shreveportla.gov](mailto:rod.richardson@shreveportla.gov)

## PRESS RELEASE

---

“I want to commend my staff, starting with my CAO Dale Sibley and Assistant CAO Sherricka Fields for working with our bond counsel to recognize a strategy that will continue to save the City millions of dollars and keep us moving in the right directions on these complicated transactions,” Mayor Glover said. “But make no mistake about it – the reason we’re in this position today is due to the expert work that Calvin Grigsby has provided this City since being appointed our financial adviser.”

In the case of these pending transactions, the best proposals were presented by Regions Capital Advantage, Inc. (utility bonds), and Capital One Public Funding, LLC (hotel bonds).

The Council is scheduled to vote on the Mayor’s plan this afternoon.

-SHREVEPORT-  
[www.shreveportla.gov](http://www.shreveportla.gov)  
[Twitter.com/MayorGlover](https://twitter.com/MayorGlover)  
[Twitter.com/shreveinfo](https://twitter.com/shreveinfo)

###