

LA 1 Toll Road Refinancing

Status Report
Louisiana Transportation Authority
July 18, 2013

TIFIA Letter of Interest Received Favorable Consideration

- ▶ The USDOT has formally invited the LTA to submit an application for TIFIA credit assistance
- ▶ Next step is to obtain LTA approval to submit the application.
- ▶ Application to be submitted on July 22nd

Overview of LA 1 Debt Issue

- ▶ The LA 1 Toll Road forecasted revenue is insufficient to meet debt service coverage requirements beginning with the December 1, 2013 payment.
- ▶ As a result, the bonds and existing TIFIA loan will be in default
- ▶ DOTD, on behalf of the LTA, submitted a Letter of Interest to the USDOT TIFIA Program office in October of 2012 for a new loan to refinance the debt.

Consequences if not Refinanced

- ▶ A Draw on the DSRF would require an appropriation by the Legislature to refill
- ▶ A default could reflect negatively on the State's credit rating
- ▶ LTA could be forced to raise tolls another 88% above 20% built-in increase that went into effect on January 1, 2013
- ▶ Onerous toll increase will affect Grand Isle and Port Fourchon economy

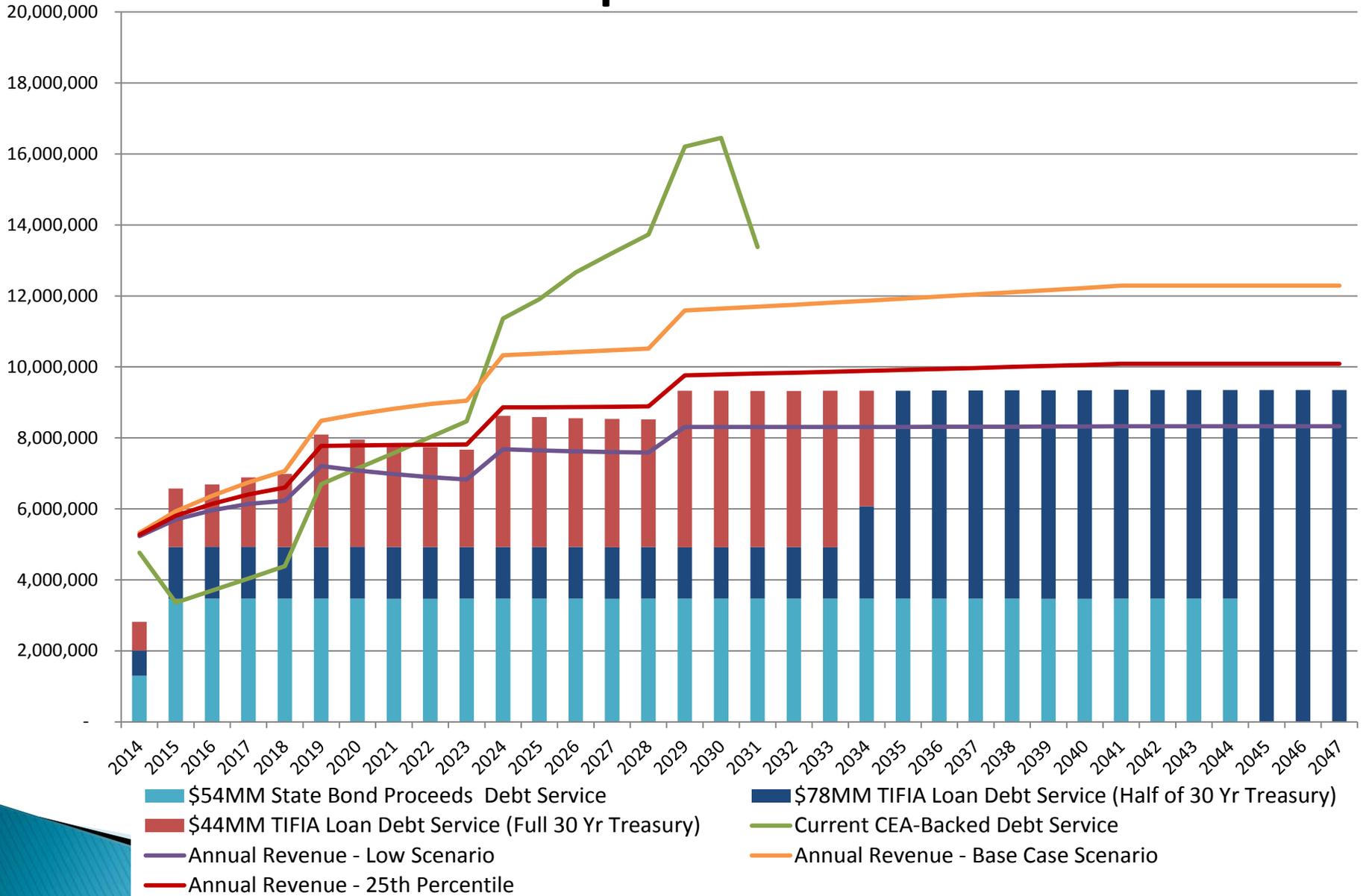
TIFIA Negotiations

- ▶ DOTD Proposed Option 1 (denied)
 - \$176 M TIFIA Loan (@1 / 2 Treasury Rate)
 - Included a new CEA State Backup
 - Loan amount equal to 47% of project costs
 - TIFIA stated that only 33% would be considered (even though 49% is in MAP-21)
- ▶ DOTD Proposed Option 2 (denied)
 - \$122 M (33%) TIFIA Loan (@1 / 2 Treasury Rate)
 - \$54 M public market bonds
 - Both included in CEA state backup
 - TIFIA stated that only the original TIFIA loan amount (\$78M) would be eligible for ½ Treasury rate.

DOTD Proposed Option 3C (favorably considered by TIFIA)

- ▶ Three part refinance solution
 - \$78 M 35 year TIFIA loan (@1 / 2 Treasury rate)
 - \$44 M 35 year TIFIA loan (@full Treasury rate)
 - \$54 M 30 year public market bonds (@current rate)
- ▶ All three parts included in CEA provided by State
- ▶ Combined debt service fits under the URS base (50th percentile) toll revenue scenario and only slightly above the URS low (5th percentile) toll revenue scenario
- ▶ No increase in tolls will be required beyond built-in increases every five years

Option 3 C



CEA Between LTA and DOA is a Critical Feature of the Deal

- ▶ DOA agrees to include debt service for TIFIA loans and public market bonds in their annual operating budget
 - This is similar to other state appropriation dependency debt such as the Hurricane Recovery Bonds, Community College bonds and the Nucor Bonds
- ▶ LTA agrees to send toll revenue in the amount of the debt service to the State general fund
- ▶ Excess toll revenue will be used to pay down TIFIA loan

LTA Agrees to Continue Tolling

- ▶ LTA agrees to continue collection of tolls for the duration of the loans and bonds
- ▶ LTA will not be required to increase the tolls above the already built-in increases every five years
- ▶ DOTD agrees to continue to pay costs for toll collections, operations and maintenance

Tentative Refinancing Time Line

- ▶ 6/24 TIFIA Credit Council met to consider Letter of Interest
- ▶ 7/1 TIFIA invited LTA to submit a formal application
- ▶ 7/18 LTA Board approves submission of application
- ▶ 7/22 Submission of TIFIA application
- ▶ Jul–Aug TIFIA Credit Council meets to consider approval of application
- ▶ 9/19 Bond Commission approval of debt issuance and CEA
- ▶ 9/20 JLCB approval of CEA
- ▶ 9/21 Issue public market bonds call notices
- ▶ 10/8 Distribute first draft of bond documents
- ▶ 10/14 Apply for ratings
- ▶ 10/22 Ratings assigned
- ▶ 10/31 Pricing
- ▶ 11/15 Closing