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## LOUISIANA COMMUNITY & TECHNICAL COLLEGE SYSTEM

**TO:** Dr. Monty Sullivan  
President

**THROUGH:** Joseph F. Marin   
Chief Operations Officer

**FROM:** Anthony Brown  
Director of Operations

**SUBJECT:** Refunding of LCTCS Facilities Corporation Act 391 Bonds,  
Series 2009A, Series 2009B, and Series 2010

**DATE:** October 24, 2016

### **FOR BOARD ACTION**

**Recommendation:** Staff recommends that the Board approve the form of and authorize the System President to execute agreements and associated documents, as listed below, between the LCTCS Board of Supervisors and the LCTCS Facilities Corporation for Revenue Refunding Bonds Series 2016 for the LCTCS Act 391 Facilities Corporation projects, which will refinance the remaining current outstanding 2009 A, 2009B and 2010 bonds originally issued for LCTCS Act 391 projects. This action has been approved by the LCTCS Facilities Corporation and was approved by the State Bond Commission on October 20, 2016.

**Documents:** Include, but are not limited to, a supplemental Ground Lease and a supplemental Agreement to Lease with Option to Purchase in connection with the lease of the Act 391 campuses to LCTCS Facilities Corporation, and the lease back to the Board of buildings constructed thereon with the proceeds of the prior bonds; authorizing the execution of any and all associated documents and certificates; and providing for other matters in connection therewith.

**Background:** The LCTCS Facilities Corporation financed the construction of the majority of the Act 391 projects using the proceeds of Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds (LCTCS Facilities Corporation Project) consisting of \$19,290,000 Series 2009A Bonds, \$45,280,000 Series 2009B Bonds, \$64,025,000 Series 2010 Bonds, and \$42,646,377.05 Series 2011 Bonds.

Due to lower interest rates, an opportunity exists to refund a portion of the prior bonds in order to generate debt service savings. The Corporation has requested that the issue is not to exceed \$125,000,000 Revenue Refunding Bonds (LCTCS Facilities Corporation Project), in one or more series (the "Refunding Bonds") to advance refund of all or a portion of the Series 2009A, Series 2009B Bonds and the Series 2010 Bonds

Lease payments for the facilities are paid by the Board to the Corporation from a special annual appropriation from the state pursuant to a Cooperative Endeavor Agreement between the state, the Board and the Corporation. Because the bonds are payable from state appropriations, the savings from the refinancing will accrue to the State general fund. Draft documents, projected debt service schedules and cost of issuance are available for review in the office of the LCTCS Chief Operations Officer.

**Fiscal Impact:** A net present value savings to the state of approximately \$6 million for the term of the bonds.

**History of Prior Actions:** During the August 2007 meeting of the LCTCS Board of Supervisors, the Board approved a Cooperative Endeavor Agreement that authorized the sale of bonds to facilitate the Act 391 projects. In September 2016, the LCTCS Facilities Corporation Board approved the issue of bonds not to exceed \$125,000,000 in Revenue Refunding bonds for the Act 391 Facilities Corporation projects.

**Benefits to the System:** The state of Louisiana will benefit from the savings in state general funds from refinancing of these bonds.

  
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**Approved for Recommendation to the Board**  
**Dr. Monty Sullivan, President**

\_\_\_\_\_  
**Date**