



LYCÉE FRANÇAIS
DE LA NOUVELLE-ORLÉANS

Priestley Facilities and Financial Update

LFNO Board Meeting

March 12, 2024



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BACKGROUND

HOW DID WE GET HERE?

- State and federal historic tax credits were used to supplement the construction costs of the Priestley campus through various loans that LFNO (a 501c3 entity) guaranteed payment of over time.
- LFNO does not currently own the Priestley campus outright but has a nominal interest (1%) in the for-profit entity (“1601 Leonidas, LLC”) that owns Priestley.
- After the requisite time frame elapses, LFNO will receive full ownership of Priestley.
 - 5 years from when the Priestley campus was “placed in service” ~ July 2022 to July 2027
- In the meantime, property taxes have been assessed but not paid for 2023 and 2024.
- Because current owner is for profit, typical property tax exemption rules do not apply under the law.
- Additional funds that can be drawn upon to pay down debt associated with Priestly will be released until the property taxes are paid by LFNO.



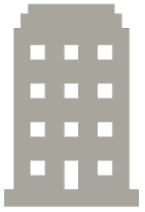
Board needs to consider several options to pay property taxes to release additional funds to remain in good standing with lenders while waiting for the credit recapture period to end in 2027.

PROPOSED NEXT STEPS FOR CONSIDERATION

- Request a letter from Enhanced Capital (currently holds the transferable tax credits) outlining the contributions that would be funded upon release of the tax lien (expected to be approximately \$1.4mil).
- Enhanced Capital will contribute once liens are paid.
- (1601 Leonidas LLC/LFNO) Request a line of credit from Hancock Whitney to pay the 2023 tax bill (\$390,659.28) in protest.
- (1601 Leonidas LLC/LFNO) Use line of credit from Hancock Whitney to pay the 2023 tax bill and cause a release of the tax lien.
- Schola (lender) releases their final loan draw, expected to be ~\$561k, which is then used to pay off the \$390,659.28 Hancock Whitney line of credit.
- Enhanced Capital funds (through tax credits transaction) approximately \$1.4mil capital contribution and pays off Hancock Whitney bridge loan.
- LFNO will continue to pursue remedies to lower 2023 assessment and cause a return of the funds used to pay in protest the 2023 tax bill.



Actions should result in outstanding property taxes and Hancock Whitney loan being paid allowing Board to reasonably budget debt service on Priestley through 2027.



Board Considerations for Tuesday, March 12th Meeting

- **Resolution:** Give Board Chair authority to engage in discussions with Hancock Whitney to borrow ~\$390K (line of credit) to pay 2023 property tax bill.