

STATUS REPORT

NET STATE TAX SUPPORTED DEBT

2009-2010 AND 2010-2011 FISCAL YEAR STATUS AND 2011-2012 FISCAL YEAR PROJECTION

As of December 31, 2010

Presented to

Governor Bobby Jindal

Senator Joel T. Chaisson, II
President of the Senate

Representative Jim Tucker
Speaker of the House

Chair, Joint Legislative Committee on Capital Outlay

By
State Treasurer John Neely Kennedy, Chair
State Bond Commission

February 17, 2011

**2009 - 2010 FISCAL YEAR STATUS
AND
2010-2011 FISCAL YEAR STATUS THROUGH DECEMBER 31, 2010**

GENERAL OBLIGATION ISSUES:

General Obligation Fiscal Year 2009-2010:

The State of Louisiana issued a number of general obligation debt issuances during the fiscal year 2009-2010. Those issuances were done for the purpose of providing new funds for capital outlay or economic refunding purposes which provided the state current and future debt service savings.

On November 4, 2009, the State issued its General Obligation Bonds Series 2009-A in the par amount of \$200,000,000 to provide funds to finance capital outlay projects authorized under Act 20 of the 2009 Regular Legislative Session. The bonds were issued competitively at a bid rate of 3.9466832%, resulting in the payment of a par amount of \$200,000,000 plus a premium in the amount of \$13,923,827.05, less an underwriter discount of \$1,500,000. Concurrently, the State issued its General Obligation Refunding Bonds Series 2009-B in the par amount of \$119,020,000 at a competitive bid rate of 1.49944%. The proceeds of the Series 2009-B Bonds, including the par value of \$119,020,000 plus a bond premium of \$7,117,039.90 less an underwriters discount of \$138,603.31, less a call premium of \$622,525.00, less accrued interest of \$869,835.92 were utilized to refund all of the outstanding State of Louisiana General Obligation Bonds Series 1998-A in the amount of \$124,505,000.00. The refunding was economic and will provide \$8,131,371.88 in future debt service savings to the State.

General Obligation Subsequent Event – Fiscal Year 2010-2011 through December 31, 2010:

On October 13, 2010, the State issued its General Obligation Refunding Bonds Series 2010-A in the par amount of \$206,495,000 through a competitive bond sale. The proceeds of the Series 2010-A Bonds, including the par amount of \$206,495,000 plus a premium of \$38,314,557.70, representing a bid rate of 2.8595294%, were utilized to fund an escrow in the amount of \$242,889,110.00 which will be utilized to refund all of the outstanding State of Louisiana General Obligation Bonds Series 2000-A, Series 2002-A, and Series 2003-A, in the par amounts of \$27,705,000; \$60,395,000 and \$132,460,000, respectively and to fund underwriters discount of \$1,920,403.50. The refunding was economic and will provide \$24,755,392.78 in future debt service savings to the State.

Concurrently the State also issued through a competitive sale, its General Obligation Refunding Bonds Series 2010-B in the par amount of \$91,510,000. The proceeds of the Series 2010-B Bonds, including the par amount of \$91,510,000 plus a premium of \$17,003,223.40, representing a bid rate of 2.4147844%, were utilized to fund an escrow in the amount of \$108,109,125.00 in order to refund a portion of the outstanding State of Louisiana General Obligation Bonds Series 2004-A in the par amount of \$91,075,000 and to fund underwriters discount of \$400,813.80. The refunding was economic and will provide \$1,959,094.72 in future debt service savings to the State.

As of December 31, 2010, the State of Louisiana had the following General Obligation Bond Series outstanding: Series 1993-A, 1993-B, 2001-A, 2004-A, 2005-A, 2006-B, 2006-C, 2008-A, 2009-A, 2009-B, 2010-A, and 2010-B, with a total par value of \$2,353,720,000 and outstanding related financing costs of \$862,284,917. All outstanding series, excluding Series 2008-A, are fixed rate, 20 year transactions. Series 2008-A, is a variable rate issue with an 18 year original maturity and has two related floating to fixed interest rate swaps associated with it. The direct pay letter of credit supporting the Series 2008-A Bonds is set to expire July 16, 2011, and the State is developing alternate financing scenarios at this time.

GASOLINE AND FUELS TAX ISSUES:

Gasoline and Fuels Tax Fiscal Year 2010-2011:

During Fiscal Year 2009-2010, the State also completed several issues related to the State's Transportation Infrastructure Model for Economic Development program ("TIMED"), as more fully described below.

The Transportation Trust Fund was established pursuant to (i) Article VII, Section 27 of the State Constitution and (ii) La. R.S. 47:820.1 to 47:820.5, inclusive, as amended and supplemented (collectively, the "Transportation Act") for the purpose of funding construction and maintenance of State and federal roads and bridges, the statewide flood-control program, ports, airports, transit, State police traffic control and to fund the Parish Transportation Fund. The Transportation Trust Fund is funded by a levy of \$0.20 per gallon on gasoline and motor fuels and on special fuels (diesel, propane, butane and compressed natural gas) used, sold or consumed in the State. This levy was increased from \$0.16 per gallon (the "Existing Taxes") to the current \$0.20 per gallon pursuant to Act 16 of the 1989 First Extraordinary Session of the Louisiana Legislature, as amended. The additional tax of \$0.04 per gallon (the "Act 16 Taxes") became effective January 1, 1990 and will cease at such time a statutory list of projects is completed or all outstanding bonds or refunding bonds payable from the Act 16 Taxes are paid in full, whichever is later.

The Transportation Infrastructure Model for Economic Development Account (the "TIMED Account") was established in the Transportation Trust Fund. Monies in the TIMED Account will be expended for certain projects identified in the Transportation Act aggregating \$1.4 billion and to fund not exceeding \$160 million of additional capital transportation projects. The State issued \$263,902,639.95 of Gasoline and Fuels Tax Revenue Bonds, 1990 Series A, dated April 15, 1990, payable from: (i) Act No. 16 Taxes; (ii) any Act No. 16 Taxes and Existing Taxes deposited in the Transportation Trust Fund; and (iii) any additional taxes on gasoline and motor fuels and special fuels pledged for the payment of the 1990 Series A Bonds. On May 17, 1999, the State issued \$94,260,000 of State of Louisiana Gasoline and Fuels Tax Revenue Refunding Bonds 1999 Series A in order to refund the entire outstanding principal balance (\$92,235,000) of the outstanding 1990 Series A Bonds to provide for a net long-term savings of \$6,793,731 over the term of the refunding. As of June 30, 2004, the 1999 Series A Bonds are fully paid.

On August 27, 2002, the State, through the Department of Transportation and Development ("DOTD"), issued \$275,000,000 State of Louisiana Gasoline and Fuels Tax Revenue Bonds 2002 Series A for the purpose of providing funds to (i) finance the construction of certain highway and bridge projects, and (ii) to pay the costs of issuance of the 2002 Series A Bonds, including the bond insurance premium. On May 12, 2005, the State, through the DOTD, issued \$525,000,000 of Louisiana Gasoline and Fuels Tax Revenue Bonds, 2005 Series A for the purpose of financing improvements to the State transportation system and paying costs of issuance of the Series 2005 Series A Bonds. On November 1, 2006, the State, through the DOTD, issued \$1,107,490,000 of Louisiana Gasoline and Fuels Tax Revenue Bonds, 2006 Series A for the purpose of financing improvements to the State transportation system and paying costs of issuance of the Series 2006 Series A Bonds. The 2002 Series A, 2005 Series A, and 2006 Series A Bonds are special and limited obligations of the State issued on behalf of the State by the Commission and are payable solely from and secured by (i) Act No. 16 Taxes; (ii) any Act No. 16 Taxes and Existing Taxes deposited in the Transportation Trust Fund; and (ii) any additional taxes on gasoline and motor fuels pledged for the repayment of the 2002 Series A, 2005 Series A, and 2006 Series A Bonds. The 2002 Series A, 2005 Series A, and 2006 Series A Bonds are not general obligations of the State and the full faith and credit of the State are not pledged to their payment. The 2005 Series A Bonds and 2006 Series A Bonds were issued on complete parity with the outstanding 2002 Series A Bonds. As of July 1, 2010, the outstanding principal balance of the 2002 Series A Bonds was \$234,350,000, the outstanding principal balance of the 2005 Series A Bonds was \$525,000,000 and the outstanding principal of the 2006 Series A Bonds was \$1,107,490,000.

On November 16, 2006, the Commission authorized the issuance of \$485,000,000 of Gasoline and Fuels Tax Revenue Bonds, 2008 Series A. On December 21, 2006, the Commission entered into a Forward Bond Purchase Agreement with Morgan Keegan & Company, Inc., on behalf of itself and Citigroup Global Markets, Inc. which provided that, under certain terms and conditions, the Commission, on behalf of the State, would sell and deliver the 2008 Series A bonds to Morgan Keegan & Company, Inc. and Citigroup Global Markets Inc. on December 1, 2008.

In connection therewith, the Commission entered into separate but substantially identical forward starting interest rate hedge agreements with four counterparties, namely Morgan Keegan Financial Products, Inc (“MKFP”), Merrill Lynch Capital Services, Inc. (“MLCS”), Citibank N.A. (“Citibank”) and JPMorgan Chase Bank, N.A. (“JPMC”), each with an effective date of December 1, 2008.

Due to market volatility and credit availability, the originally proposed \$485,000,000 senior lien 2008 issue bond sale did not occur on December 1, 2008 as originally planned. The Commission concurrently negotiated extensions of the forward starting interest rate swap agreements with MKFP, MLCS, Citibank and JPMC, to an effective date of May 1, 2009. The Commission negotiated further extensions of the MLCS and Citibank forward starting interest rate swap agreements to an effective date of May 27, 2009 and July 1, 2009, respectively.

The Commission issued \$485,000,000 in four separate subordinate lien series in 2009, as follows:

- a. The \$200,000,000 Gas and Fuels Tax Second Lien Revenue Bonds Series 2009A-1. The bonds were issued in a variable rate weekly mode with a stated maturity of 35 years and were backed by a direct pay letter of credit for a one-year period from JPMorgan/Chase.
- b. The \$103,125,000 Taxable Gas and Fuels Tax Second Lien (Build America Bonds) Series 2009A-2 were issued May 7, 2009. The bonds were issued in a weekly mode at a variable rate of 3-month LIBOR plus 275 basis points, but never less than 3%. They are callable by the State at any time with a 60 day notice. Although the bonds have a stated maturity of 2043, the bonds have a soft put which is exercisable at May 7, 2012. If the put is exercised, the State must amortize the outstanding bonds over a three-year payment time frame.
- c. The \$121,250,000 Taxable Gas and Fuels Tax Second Lien Revenue (Build America Bonds) Series 2009A-3 were issued on May 27, 2009. The bonds were issued in a weekly mode at a variable rate of 3-month LIBOR plus 250 basis points. Although the bonds have a stated maturity of 2043, the bonds have a hard put which is exercisable at May 27, 2014. When exercised, the State must redeem the bonds either through a refinancing or through utilization of the available collected gas and fuels taxes. The associated hedge agreement on the bonds, as described below, has a 3-year hard put which expires May 1, 2012. As a consequence, the bonds may be unhedged for a period of two years from May 1, 2012 through May 1, 2014.
- d. The \$60,625,000 Taxable Gas and Fuels Tax Second Lien Revenue (Build America Bonds) Series 2009A-4 were issued July 1, 2009. The bonds were issued in a weekly mode at a variable rate of 3-month LIBOR plus 250 basis points. Although the bonds have a stated maturity of 2043, the bonds have a hard put which is exercisable on July 1, 2012. When exercised, the State must redeem the bonds either through a refinancing or through utilization of the available collected gas and fuels taxes. The associated hedge agreement on the bonds, as described below, has a 3-year hard put which expires July 1, 2012. As a consequence, a termination payment or receipt of funds from the counterparty may be due on that date.

Concurrent with the above listed bond issue, the State Bond Commission was able to negotiate extensions on the forward starting interest rate hedge agreements (described below) that were to expire on May 1, 2009 to the effective delivery dates of each series. The effective date for each of the Morgan Keegan and JPMorgan hedge agreements were further extended from May 1, 2009 to May 7, 2009. The effective date for each of the Merrill Lynch hedge agreements were further extended from May 1, 2009 to May 27, 2009. The effective date for each of the Citibank hedge agreements were further extended from May 1, 2009 to July 1, 2009. Each bond series was issued in an amount to cover the respective hedge agreement exposure of each provider. As a result of the extensions and bond issuances, as described herein, the cash flows on all four hedges were placed in effect and begun on the dates stated above.

The Morgan Keegan Hedge Agreement, in the notional amount of \$186,000,000 and the Morgan Keegan Hedge Agreement in the notational amount of \$56,500,000, were utilized in connection with the issuance and delivery of the 2009 Series A-1 Bonds and the 2009 Series A-2 Bonds.

The JPMorgan/Chase Hedge Agreement, in the notional amount of \$46,500,000 and the JPMorgan/Chase Hedge Agreement in the notional amount of \$14,125,000, were utilized in connection with the issuance and delivery of the 2009 Series A-1 Bonds and the 2009 Series A-2 Bonds.

The Merrill Lynch Hedge Agreement, in the notional amount of \$93,000,000, and the Merrill Lynch Hedge Agreement, in the notional amount of \$28,250,000, were utilized in connection with the issuance and delivery of the 2009 Series A-3 Bonds. The Merrill Lynch Hedge Agreement is subject to termination May 1, 2012.

The Citibank Hedge Agreement, in the notional amount of \$46,500,000 and the Citibank Hedge Agreement in the notional amount of \$14,125,000 were utilized in connection with the issuance and delivery of the 2009 Series A-4 Bonds. The Citibank Hedge Agreement is subject to termination July 1, 2012.

On June 1, 2010, the Commission, on behalf of the State, executed an interest rate mode change on the 2009 Series A-1 Bonds from the Weekly Rate Mode to the Indexed Mode, and the 2009 Series A-1 Bonds now bear interest at the SIFMA rate plus 0.755. In conjunction with the conversion of the interest rate mode on the 2009 Series A-1 Bonds, the irrevocable direct pay letter of credit from JPMorgan/Chase was terminated. The existing MKFP Hedge Agreement in the amount of \$186,000,000 and JPMC Hedge Agreement in the amount of \$14,125,000, which are associated with the refunded 2009A-2 issue, were amended on June 1, 2010, for the purpose of providing that such agreements would continue to provide a hedge of the Commission's exposure to variable interest rates with respect to the 2010 Series A Refunding Bonds.

On June 1, 2010, the Commission, on behalf of the State, issued the 2010 Series A Refunding Bonds in the aggregate principal amount of \$103,125,000, for the purpose of current refunding the Series 2009A-2 Bonds on June 1, 2010. The 2010 Series A Refunding Bonds were issued in the Indexed Mode and bear interest at the SIFMA rate plus 9.75 basis points, and mature on May 1, 2043. The 2010 Series A Refunding Bonds are secured by and payable solely from a second lien on, pledge of and security interest on the Pledged Property. The existing MKFP Hedge Agreement in the notional amount of \$56,500,000 and JPMC Hedge Agreement in the notional amount of \$46,500,000, which are associated with the refunded 2009A-2 Series issue, were amended on June 1, 2010, for the purpose of providing that such agreements would continue to provide a hedge of the Commission's exposure to variable interest rates with respect to the 2010 Series A Refunding Bonds. The MKFP and JPMC Hedge Agreements are subject to termination in 2014.

As of July 1, 2010, the outstanding principal balance of the Gasoline and Fuels Tax Second Lien Variable Revenue Bonds Series 2009A-1 was \$200,000,000; the outstanding principal balance of the Taxable Gasoline and Fuels Tax Second Lien Bonds (Build America Bonds) Series, 2009A-3 and 2009A-4 were, respectively, \$121,125,000 and \$60,625,000; and the outstanding balance of the Taxable Gasoline and Fuels Tax Second Lien Revenue Bonds Series 2010A was \$103,125,000.

Gasoline and Fuels Subsequent Event - Fiscal Year 2010-2011 through December 31, 2010:

On August 26, 2010, the Commission, on behalf of the State, issued the Series 2010B Gasoline and Fuels Tax Second Lien Revenue Bonds in the par amount of \$394,310,000 in order to provide sufficient funds to complete all of the enumerated TIMED projects as authorized under Article VII, Section 27 of the State Constitution [excluding the Florida Avenue Bridge and LA 3241 Corridor projects for which a determination as to future funding has not been made at this time]. The par value of the bonds of \$394,310,000, together with the premium of \$32,646,407.40 less underwriter discount of \$1,715,455.20, provided \$425,240,952.90 in project funds for the TIMED program based on a bid rate of 4.423630%. The bonds have a final maturity date of May 1, 2045.

As of December 31, 2010, the State of Louisiana had the following Gasoline and Fuels Tax Bonds outstanding: Series 2002A, 2005A, 2006A, 2009A-1, 2009A-3, 2009A-4, 2010A, 2010B with a total par value of \$2,746,150,000 and outstanding related financing costs of \$3,169,669,273. Series 2002A, 2005A, 2006A and 2010B are fixed rate issues. The remaining series are variable rate with 35 year original maturities and have associated floating to fixed interest rate swaps.

APPOPRIATION DEPENDENT ISSUES:

Appropriation Dependent – Fiscal Year 2009-2010:

On July 1, 2009, the Louisiana Agricultural Finance Authority (“Authority”), utilizing \$15,000,000 in funds provided by the State Legislature to the Department of Agriculture (“Department”), paid \$15,000,000 of the outstanding principal of \$45,000,000 related to the Louisiana Agricultural Finance Authority Variable Rate Demand Revenue Bonds (Lacassine Syrup Mill Project) Series 2004. Concurrently, on November 18, 2009, the remaining \$30,000,000 was restructured and remarketed as the Louisiana Agricultural Finance Authority Taxable Slot Revenue Bonds (Lacassine Syrup Mill Project) Series 2004 in order to provide debt service savings to the Authority, the Department and the State.

On October 1, 2009, the Louisiana Local Government Environmental Facilities and Community Development Authority issued its (LCTCS Facilities Corporation Project) Revenue Bonds Series 2009A in the par amount of \$19,290,000 and Series 20009B in the par amount of \$45,280,000. The bonds were issued at a TIC of 4.3071828% resulting in receipt of the par value of \$64,570,000 plus a premium of \$2,496,441.60, less underwriters discount of \$338,992.50. The par value and premium value of the proceeds of the Series 2010 Bonds, together with a State appropriation of \$2,000,000.00 less payment of underwriters discount of \$338,992.50, were utilized (i) to finance \$57,253,862.70 of Phase I of the project, (ii) to fund a Debt Service Reserve fund in the amount of \$6,706,664.16, (iii) to provide monies to fund a Capitalized Interest Fund in the amount of \$1,458,418.75, (iv) to pay a bond insurance premium of \$628,871.34, and (v) to pay the costs of issuance of the Series 2010 Bonds of \$679,652.15.

On November 17, 2009, the Office Facilities Corporation issued its Lease Revenue Refunding Bonds (Louisiana State Capitol Complex Program) Series 2009 in the par value of \$94,910,000. The issue was sold competitively with a winning bid rate of 3.606511%. The total proceeds of the Series 2009 Bond issue of \$113,535,110.65, inclusive of the par value of \$94,910,000 and a original issue premium of \$4,257,615.85, plus a transfer from the 1999A Debt Service Reserve Account of \$14,097,494.80, were utilized to (i) establish an escrow fund sufficient to current refund all of the outstanding Office Facilities Corporation Lease Revenue Bonds (Louisiana State Capitol Complex Program) Series 1999A, (ii) to fund a Debt Service Reserve Fund in the amount of \$9,943,761.59, and (iii) to pay the costs of issuance of the Series 2009 Bonds of \$187,320.00 plus underwriters discount of \$382,501.69. The refunding was economic and will provide \$12,505,786.42 in future debt service savings to the Corporation and indirectly to the State.

The underlying security for appropriation dependent issues are payments under agreements with the State which are subject to, and dependent upon, annual appropriation of funds by the Legislature of the State to the participating entities necessary to enable the entities to make payments for debt service on the bonds.

As of June 30, 2010, the State of Louisiana provided support to a number of appropriation dependency issues totaling \$1,094,958,000 in par value, which are considered State Net State Tax Supported Debt and count toward the State's allowable debt limit.

Appropriation Dependency Subsequent Events - Fiscal Year 2010-2011 through December 31, 2010

On August 31, 2010, the Louisiana Local Government Environmental Facilities and Community Development Authority issued it (LCTCS Facilities Corporation Project) Revenue Bonds Series 2010 in the par amount of \$64,025,000. The bonds were issued at a TIC of 3.8568207% resulting in receipt of the par value of \$64,025,000 plus a premium of \$7,102,122.55. The par value and premium value of the proceeds of the Series 2010 Bonds, together with a state appropriation of \$16,502,323.30 less payment of underwriters discount of \$368,143.75, were utilized (i) to finance \$79,677,109.50 of Phase II of the project, (ii) to fund a Debt Service Reserve fund in the amount of \$7,112,612.26, and (iii) to pay the costs of issuance of the Series 2010 Bonds of \$471,480.34.

On December 9, 2010, the Office Facilities Corporation issued its Lease Revenue Refunding Bonds (Louisiana State Capitol Complex Program) Series 2010 in the par value of \$57,610,000. The issue was sold competitively with a winning bid rate of 3.513833%. The total proceeds of the Series 2010 Bond issue of \$77,593,742.74, inclusive of the par value of \$57,610,000 and a original issue premium of \$4,574,270.50, plus a transfer from the Series 2001A Debt Service Reserve Account of \$8,369,456.26, and a transfer from the Series 2001 Project Fund of \$7,040,015.98 were utilized to (i) establish an escrow fund of state and local government securities in the amount of \$70,9478,393.99 which is sufficient to refund all of the outstanding Office Facilities Corporation Lease Revenue Bonds (Louisiana State Capitol Complex Program) Series 2001A, (ii) to fund a Debt Service Reserve Fund in the amount of \$6,218,427.50, and (iii) to pay the costs of issuance of the Series 2010A Bonds of \$178,087.00 plus underwriters discount of \$244,934.24. The refunding was economic and will provide net present value savings of \$4,169,634.37 to the Corporation and indirectly to the State.

The underlying security for appropriation dependent issues are payments under agreements with the State which are subject to, and dependent upon, annual appropriation of funds by the Legislature of the State to the participating entities necessary to enable the entities to make payments for debt service on the bonds.

As of December 31, 2010 the State of Louisiana had 28 outstanding appropriation dependency issues with a total par value of \$1,116,249,953 and outstanding related financing costs of \$575,678,962.

Debt Issuance Not Considered Net State Supported Debt

On July 12, 2006, the State, in response to the need to assist local political subdivisions as the result of Hurricanes Katrina and Rita, issued State of Louisiana General Obligation Gulf Tax Credit Bonds, Series 2006-A and State of Louisiana General Obligation Match Bonds, Series 2006-B in the amounts of \$200,000,000 and \$194,475,000, respectively, for the purpose of providing loans to political subdivisions of the State affected by Hurricanes Katrina and Rita, to insure the timely payment of principal and interest on their outstanding bonds, notes, certificates of indebtedness, or other written obligations or the repayment of borrowed money of local political subdivisions of the State issued prior to August 28, 2005. The Series 2006-A Bonds were issued, under a special federal program, as tax credit bonds with a two-year maturity and the Series 2006-B Bonds were issued as match bonds with a 20 year maturity under the provisions of the Gulf Opportunity Act of 2005. The Series 2006-A Bonds were expected to be refunded with proceeds of the State's General Obligation Refunding Bonds, Series 2008-A on July 17, 2008. The Series 2008-A Bonds were to be issued in conjunction with a forward bond purchase agreement, which committed several underwriters to purchase the Series 2008-A Bonds no later than July 17, 2008 (see later discussion). Concurrent with the execution of the forward bond purchase agreement, a floating to fixed swap agreement was entered into in order to mitigate future interest rate exposure for the Series 2008-A Bonds.

The State Bond Commission, at its June 15 and July 13, 2006 meetings, authorized the issuance of \$200,000,000 in General Obligation Refunding Bonds Series 2008-A in order to provide funds to refund the General Obligation Tax Credit Bonds Series 2006-A and to enter into a Forward Purchase Delivery Contract with Morgan Keegan & Company (as senior managing underwriter) and Goldman, Sachs & Co. (as co-senior manager) to set the terms and obligations for the issuance, on July 17, 2008, by the State, of \$200,000,000 variable rate bonds to be acquired by the Underwriters for an aggregate purchase price of \$200,000,000. The Series 2008-A Bonds were issued on July 17, 2008 as Variable Interest Rate Bonds, and shall mature by July 17, 2026. Pursuant to La. R.S. 39:1367(E)(2)(b)(iii), the Series 2006-B and 2008-A bonds are not considered Net State Supported Debt for state law purposes.

As of December 31, 2010, the outstanding par value of the 2006-B and 2008-A Series were \$168,835,000 and \$185,110,000, respectively. The outstanding related financing costs on the Series 2006-B and 2008-A Series were \$78,574,365 and \$109,417,410, respectively.

DECEMBER 31, 2010 STATUS PROJECTED FORWARD THROUGH FISCAL YEAR 2027-2028

As of **December 31, 2010**, the total **par** amount of Net State Tax Supported Debt ("NSTSD") outstanding was **\$5,925,269,953**, with associated interest and other costs estimated at \$4,457,851,555, providing a total outstanding debt costs through fiscal year 2043-2044 of \$10,383,121,508. At par, the current per capita debt ratio, based on the July 1, 2010 population estimate of 4,533,372, is **\$1,307, an increase of \$30 per person over last year's per capita debt ratio of \$1,277.**

The State Bond Commission is prohibited from approving the issuance of NSTSD if the debt service required by such debt issuance would exceed 6% in each fiscal year of Taxes, Licenses and Fees as estimated by the Revenue Estimating Conference. In order to determine the par amount that can be issued in any one fiscal year and remain within the debt limitation, certain assumptions (see "Assumptions") are made as to interest rate and future issuance in the NSTSD - Projection Model (the "Projection Model"). The Projection Model is revised each year to allow for changes in interest rate assumptions, actual debt issued, and future revenue estimates of the Revenue Estimating Conference. The current report contains three separate scenarios, represented by Tables 1, 2, and 3, run under the Projection Model.

Table 1 reflects actual existing debt service requirements for future years as of December 31, 2010, Total Taxes, Licenses & Fees as estimated by the Revenue Estimating Conference on June 21, 2010 for Fiscal Year 2010-11 and April 4, 2010 for Fiscal Years 2011-12 through Fiscal Year 2013-2014 (with an assumed growth rate of 2% for future fiscal periods) and the current percentage levels assuming no further debt issues as compared to the percentages allowable in La. R.S. 39:1367A(1)(k) through the 2027-2028 Fiscal Year. The difference between the last two columns of the table shows a current snapshot of borrowing margin available; it does not represent “actual” margin, as it does not include future debt issues that are planned or committed to be sold.

Pursuant to La. R.S. 39:1367(E)(2)(b)(iii), Tables 1, 2, and 3 do not include debt service requirements associated with the State of Louisiana General Obligation Bonds Series 2006B (\$168,835,000), and Series 2008A (\$185,110,000). However, it should be noted that these issues are included in Net State Tax Supported Debt ratios as calculated by the rating agencies.

TABLE 1

Fiscal Year Ending 6/30	Current Debt Service (in thousands) As of 12/31/10	Revenue Projections (in thousands) As of 06/21/2010	Current Percentage As of 12/31/10	Allowable Percentage
2011	\$263,885	\$9,452,400	2.79%	6.00%
2012	\$511,526	\$9,943,900	5.14%	6.00%
2013	\$501,941	\$10,380,600	4.84%	6.00%
2014	\$499,543	\$10,799,700	4.63%	6.00%
2015	\$473,414	\$11,015,694	4.30%	6.00%
2016	\$450,469	\$11,236,008	4.01%	6.00%
2017	\$449,991	\$11,460,728	3.93%	6.00%
2018	\$432,042	\$11,689,943	3.70%	6.00%
2019	\$409,956	\$11,923,741	3.44%	6.00%
2020	\$401,680	\$12,162,216	3.30%	6.00%
2021	\$401,007	\$12,405,461	3.23%	6.00%
2022	\$376,945	\$12,653,570	2.98%	6.00%
2023	\$359,737	\$12,906,641	2.79%	6.00%
2024	\$345,718	\$13,164,774	2.63%	6.00%
2025	\$339,574	\$13,428,070	2.53%	6.00%
2026	\$303,529	\$13,696,631	2.22%	6.00%
2027	\$267,552	\$13,970,564	1.92%	6.00%
2028	\$248,742	\$14,249,975	1.75%	6.00%

Table 2 illustrates the impact of the existing debt, as reflected in Table 1, as well as the State issuing: (a) \$300,000,000 of General Obligation Bonds in Fiscal Year 2010-2011; (b) issuing \$300,000,000 in Fiscal Year 2011-2012 and every year thereafter to reflect the annual incremental Capital Outlay Act authorization on a trailing three year basis; and (c) the authorized LCDA (LCTCS Campus Facilities Corporation) Series 2011A in the amount of \$71,050,000.

TABLE 2

Fiscal Year Ending 6/30	Current Debt Service (in thousands)	Revenue Projections (in thousands)	Current Percentage	Allowable Percentage
	As of 12/31/10	As of 06/21/10 & 4/14/10	As of 12/31/10	
2011	\$276,387	\$9,452,400	2.92%	6.00%
2012	\$559,042	\$9,943,900	5.62%	6.00%
2013	\$567,459	\$10,380,600	5.47%	6.00%
2014	\$589,131	\$10,799,700	5.46%	6.00%
2015	\$587,143	\$11,015,694	5.33%	6.00%
2016	\$595,048	\$11,236,008	5.30%	6.00%
2017	\$618,643	\$11,460,728	5.40%	6.00%
2018	\$624,767	\$11,689,943	5.34%	6.00%
2019	\$626,754	\$11,923,741	5.26%	6.00%
2020	\$642,551	\$12,162,216	5.28%	6.00%
2021	\$666,024	\$12,405,461	5.37%	6.00%
2022	\$666,596	\$12,653,570	5.27%	6.00%
2023	\$674,050	\$12,906,641	5.22%	6.00%
2024	\$684,724	\$13,164,774	5.20%	6.00%
2025	\$703,304	\$13,428,070	5.24%	6.00%
2026	\$691,970	\$13,696,631	5.05%	6.00%
2027	\$666,070	\$13,970,564	4.77%	6.00%
2028	\$671,334	\$14,249,975	4.71%	6.00%

Table 3 illustrates the impact of the existing debt, as reflected in Table 1, as well as the State issuing: (a) \$300,000,000 of General Obligation Bonds in Fiscal Year 2010-2011; (b) issuing \$300,000,000 in Fiscal Year 2011-2012 and every year thereafter to reflect the trailing annual incremental Capital Outlay Act authorization on a trailing three year basis; (c) the authorized LCDA (LCTCS Campus Facilities Corporation) Series 2011A in the amount of \$71,050,000; and (d) \$300,000,000 issued in Fiscal Year 2011-2012 through Fiscal year 2016-2017 to fund the outstanding Line of Credit Authorization.

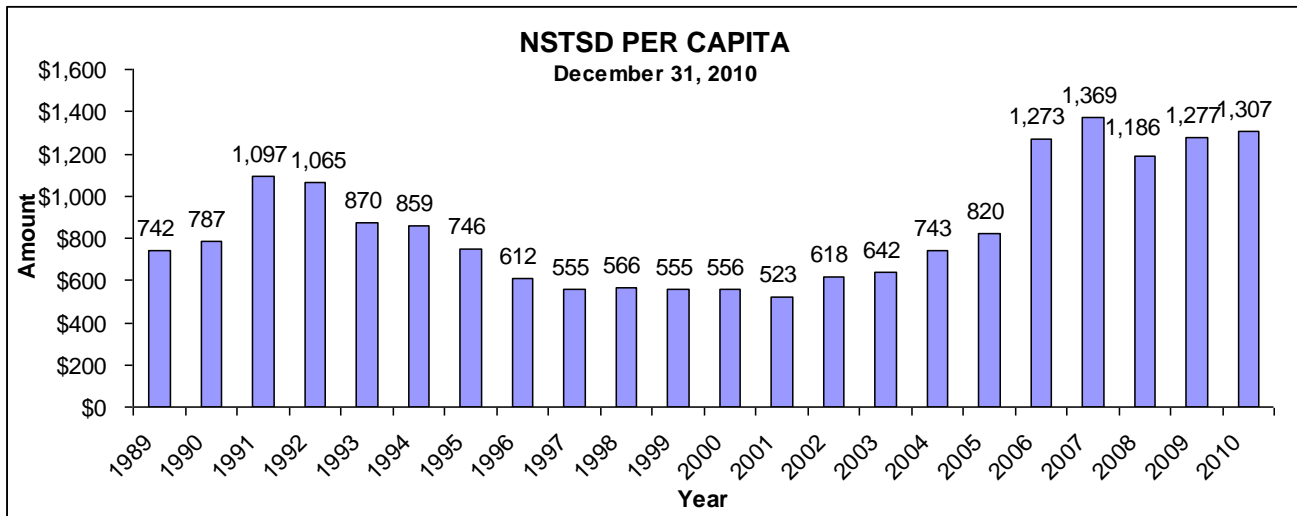
TABLE 3

Fiscal Year Ending 6/30	Current Debt Service	Revenue Projections (in thousands)	Current Percentage	Allowable Percentage
	As of 12/31/10	As of 6/21/10 & 4/14/10	As of 12/31/10	
2011	\$276,387	\$9,452,400	2.92%	6.00%
2012	\$594,951	\$9,943,900	5.98%	6.00%
2013	\$627,441	\$10,380,600	6.04%	6.00%
2014	\$673,186	\$10,799,700	6.23%	6.00%
2015	\$695,271	\$11,015,694	6.31%	6.00%
2016	\$727,250	\$11,236,008	6.47%	6.00%
2017	\$774,918	\$11,460,728	6.76%	6.00%
2018	\$793,078	\$11,689,943	6.78%	6.00%
2019	\$795,065	\$11,923,741	6.67%	6.00%
2020	\$810,862	\$12,162,216	6.67%	6.00%
2021	\$834,335	\$12,405,461	6.73%	6.00%
2022	\$834,907	\$12,653,570	6.60%	6.00%
2023	\$842,361	\$12,906,641	6.53%	6.00%
2024	\$853,035	\$13,164,774	6.48%	6.00%
2025	\$871,615	\$13,428,070	6.49%	6.00%
2026	\$860,281	\$13,696,631	6.28%	6.00%
2027	\$834,381	\$13,970,564	5.97%	6.00%
2028	\$839,645	\$14,249,975	5.89%	6.00%

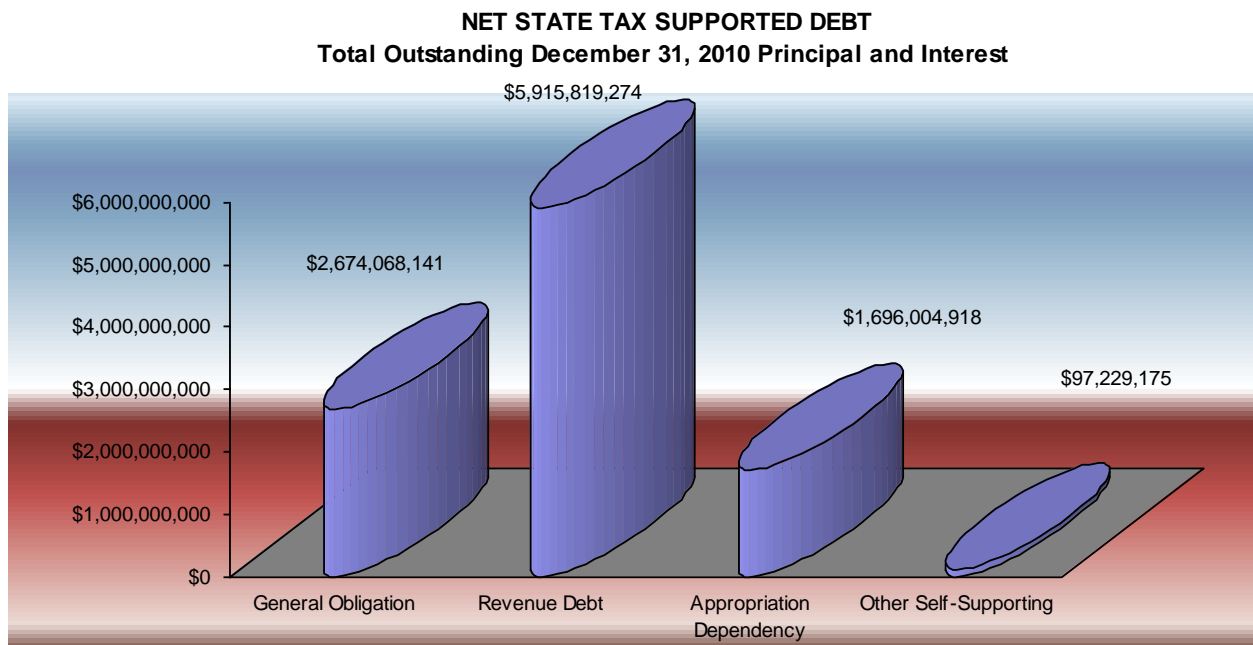
State Credit Rating and Debt

In October 2009, Standard & Poor's and Fitch rating agencies raised the State's General Obligation Bond rating from A+ to AA- with a stable outlook, while Moody's Investor Service affirmed its rating of A1 but raised the outlook from stable to positive. In March, 2010, Fitch recalibrated its ratings and raised the State's General Obligation Bond rating from AA- to AA with a stable outlook. In April, 2010, Moody's also recalibrated its ratings and raised the State's General Obligation Bond rating from A1 to Aa2, also with a stable outlook. Therefore, the State's currently outstanding ratings for its General Obligation Bonds are: Moody's: Aa2/stable; S&P: AA-/stable; and Fitch: AA/stable. These ratings remained in effect as of December 31, 2010.

NSTSD per capita as of December 31st from 1988 through 2010



The following chart illustrates the categories included in the definition of NSTSD, and the various types of debt included in each category



Notes for above chart:

- *General Obligation includes ALL outstanding General Obligation Bonds **with the exception of the G.O. Match Bonds Series, 2006B and G.O. Refunding Bonds, Series 2008A.***
- *Revenue Debt includes State of Louisiana-Gasoline & Fuels Tax Revenue Bonds (Series 2002A, Series 2005A, Series 2006A and Series 2009A-1, A-3, A-4, Series 2010A and 2010B) payable from the proceeds of the four and sixteen cents per gallon gasoline and special fuels tax.*
- *Appropriation Dependency; Office Facilities Corporation 2003, 2009A and 2010A; Louisiana Correctional Facilities Corporation Series 2007A; LPFA Public Safety Fire Marshal's Headquarters Series 200A2; the Community Colleges LCDA - Bossier Parish Community College Series 2002A and 2003A, LCDA - Baton Rouge Community College Series 2002B and 2003B, LCDA - Delta Community College Series 2008A, LPTFA - South Louisiana Community College Series 2002A; LCDA -LCTCS Facilities Corporation Project Series 2009A&B and Series 2010A; LAFA Taxable Slot Revenue Bonds (Lacassine Syrup Mill Project)- Series 2009; LAFA Woodworth Office Building Renovation Project Series 2006B; LAFA Office Building Project Series 2007A; LAFA Multiple Buildings and Equipment Project Series 2007B; IDB City of New Orleans (New Orleans Federal Alliance) Series 2008A; LPFA LSU Alexandria Student Housing Series 2006C; LPFA Southern University Millennium Student Housing Series 2006A; LPFA UNO Series 2006B; England District Sub-District No. 1 Series 2005; Board of Commissioners of the Port of New Orleans – State/CG Railway Inc. Project Series 2005A; Louisiana Transportation Authority (LA1 Project) Series 2005A&B; LPFA Hurricane Recovery, Series 2007A.*
- *Other Self-Supporting Debt includes Crescent City Connection (Series 2002A); Greater Baton Rouge Port Commission (Series 1999A&B); Greater New Orleans Expressway Commission (Series 1999 and 2003A).*

Assumptions

The revenue base for Fiscal Year 2010-2011 is the Revenue Estimating Conference Forecast of June 21, 2010 and for Fiscal Year 2011-2012 through Fiscal Year 2013-2014 is the Revenue Estimating Conference Forecast of April 14, 2010. Revenue forecasts for succeeding years incorporate a 2% growth factor. Future General Obligation issues assume a 20 year maturity, level debt structure at an all in cost of financing of 5%. Existing variable rate General Obligation Bond issues are projected at an all in cost of funds of 4.5% with a 18 year maturity. Gasoline and Fuels Tax Bond Series 2009A-1, A-3, A-4 and 2010A issues are projected at an all in cost of funds factor of 4.5% with a 35 year maturity.

As noted previously, the Net State Tax Supported Debt model utilized in the aforementioned calculations utilizes specified assumptions in order to make the mandated statutory calculations. Any changes in a variable will result in a change to the aforementioned results.

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In addition to the debt limitations contained in Article VII, Section 6F of the Constitution of 1974 and La. R.S. 39:1367 et. seq., which is the basis for this report, two additional statutory debt limitations contained in La. R.S. 39:1365(25) and La. R.S. 39:1402(D) exist. The results of those limitations are reflected below.

ADDITIONAL DEBT LIMITATIONS IMPOSED BY STATUTE

A. Debt Limitation Imposed By La. R.S. 39:1365(25)

The legislature shall not authorize any general obligation bonds or other general obligations secured by the full faith and credit of the state if the total principal amount of such debt outstanding plus the amount of such debt authorized by the legislature but unissued exceeds two times the average annual revenues of the Bond Security and Redemption Fund for the last three fiscal years completed prior to such authorization.

General Obligation (Principal) Issued as of December 31, 2010 ⁽¹⁾	\$ 2,353,720,000
General Obligation Debt Authorized but Unissued as of December 31, 2010	<u>\$ 1,706,475,000</u>
Total General Obligation Debt Issued plus Authorized but Unissued	<u>\$ 4,060,195,000</u>
Bond Security and Redemption Fund Average Collections Last 3 Years * 2	<u>\$24,914,010,691</u>
Fiscal Year 2009-10	\$10,930,986,993
Fiscal Year 2008-09	\$12,785,501,081
Fiscal Year 2007-08	\$13,654,544,000

⁽¹⁾ For purposes of this calculation all issuances of General Obligation Debt, including the Series 2006B and 2008A, which are excluded for purposes of calculating NSTSD, are reflected.

B. Debt Limitation Imposed By La. R.S. 39:1402(D)

The State Bond Commission shall not issue general obligation bonds or other general obligations secured by the full faith and credit of the State at any time when the highest annual debt service requirement for the current or any subsequent fiscal year for such debt, including the debt service on such bonds or other obligation then proposed to be sold by the State Bond Commission, exceeds ten per cent of the average annual revenues of the Bond Security and Redemption Fund for the last three fiscal years completed prior to such issuance.

Bond Security and Redemption Fund Average Collections for Last 3 Years	<u>\$12,457,010,691</u>
Times 10%	<u>\$ 1,245,701,069</u>
Highest Annual General Obligation Debt Service Requirement FY 2011-2012	<u>\$295,901,007</u>