

STATUS REPORT

NET STATE TAX SUPPORTED DEBT

**2011-2012 AND 2012-2013 FISCAL YEAR STATUS AND
2013-2014 FISCAL YEAR PROJECTION**

As of December 31, 2012

Presented to

Governor Bobby Jindal

Senator John A. Alario, Jr.
President of the Senate

Representative Charles “Chuck” Kleckley
Speaker of the House

Representative Joel C. Robideaux
Chair, Joint Legislative Committee on Capital Outlay

By
State Treasurer John Neely Kennedy, Chair
State Bond Commission

February 21, 2013

**2011 - 2012 FISCAL YEAR STATUS
AND
2012-2013 FISCAL YEAR STATUS THROUGH DECEMBER 31, 2012**

GENERAL OBLIGATION ISSUES:

General Obligation - Fiscal Year 2011-2012:

The State of Louisiana issued a number of general obligation debt issuances during the fiscal year 2011-2012. Those issuances were done for the purposes of a) providing new funds for capital outlay, or b) economic refunding purposes which provided the state current and future debt service savings.

On March 8, 2012, the State issued (1) \$400,000,000 of General Obligation Bonds Series 2012-A with coupon rates ranging from 2.0% to 5.0% and (2) \$43,825,000 of General Obligation Refunding Bonds, Series 2012-B with coupon interest rates ranging from 4.0% to 5.0%. Series 2012-A were issued for the purpose of financing certain capital projects described in the comprehensive capital budget of the State. Series 2012-B were issued to current refund the balance outstanding of \$47,675,000 in General Obligation Bonds Series 2001-A, bearing coupon interest rates of 4.625% to 5.50%. Refunding proceeds of \$47,789,250 included bond proceeds at the par amount of \$43,825,000 and a premium of \$3,964,250. A portion of the proceeds were issued to purchase United States Treasury Securities-State and Local Government Services which was placed in an irrevocable trust together with an initial cash deposit to be used solely to advance refund the outstanding Series 2001-A bonds of \$47,765,000 on various dates beginning on May 15, 2012. Issuance costs of \$24,250 were funded from the proceeds. The State advance refunded the bonds to reduce its total gross debt service payments through May 15, 2015 by \$5,232,694 and to obtain an economic gain of \$5,191,316.

On June 27, 2012, the State issued (1) \$423,090,000 of General Obligation Refunding Bonds, Series 2012-C, with coupon rates ranging from 3.0% to 5.0% and (2) \$144,575,000 General Obligation Taxable Refunding Bonds 2012-D with coupon rates ranging from 1.304% to 2.269%. The Series 2012-C Bonds were issued to advance refund certain of the State's outstanding a) General Obligation Bonds, Series 2004-A in the amount of \$176,085,000 with coupon interest rates ranging from 4.50% to 4.75% and b) General Obligation Bonds, Series 2006-C in the amount of \$270,020,000 with coupon interest rates ranging from 4.25% to 5.00%. The Series 2012-D Bonds were issued to advance refund certain of the State's General Obligation Match Bonds, Series 2006-B in the amount of \$120,215,000 bearing coupon interest rates of 4.625% to 5.000%. Refunding proceeds of \$655,570,236 included bond proceeds at the par amount of \$567,665,000 and a premium of \$87,905,236. A portion of the proceeds were issued to a) purchase \$653,760,635 of United States Treasury Bills, United States Treasury Notes, United States Treasury STRIPS, Resolution Funding corporation Securities Interest STRIPS and United States Agency for International Development—State of Israel Bonds which were placed in an irrevocable trust to be used solely to advance refund certain maturities of the outstanding Series 2004-A bonds of \$176,085,000 on various dates beginning on October 15, 2020; certain maturities of Series 2006-B bonds in the amount of \$120,215,000 beginning on July 15, 2017; and certain maturities of Series 2006-C in the amount of \$270,020,000 beginning on May 1, 2017; b) pay issuance costs of \$384,666, and underwriter's discount of \$1,419,273, and c) fund a contingency reserve of \$5,661. As a result, the aforementioned enumerated maturities of the Series 2004-A, 2006-B and 2006-C bonds are considered defeased. The State advance refunded the bonds to reduce its total gross debt service payments through June 30, 2027 by \$38,860,131 and to obtain an economic gain of \$29,860,994.

General Obligation - Subsequent Event – Fiscal Year 2012-2013 through December 31, 2012:

As of December 31, 2012, the State of Louisiana had the following General Obligation Bond Series outstanding: Series 1993-B, 2003-A, 2004-A, 2005-A, 2006-B, 2006-C, 2009-A, 2009-B, 2010-A, 2010-B, 2011-A, 2011-B, 2012-A, 2012-B, 2012-C and 2012-D with a total par value of \$2,640,010,000 and outstanding related financing costs of \$876,150,547. All outstanding series, excluding Series 2011-B, are fixed rate, 20 year transactions. Series 2011-B, is a variable rate issue with a 3 year maturity and has two

related floating to fixed interest rate swaps associated with it. There is no letter of credit supporting the Series 2011-B Bond and the Bonds are not subject to optional or mandatory tender prior to maturity. The 2006-B, 2011-B and 2012-D Series are General Obligation issues but as described in the subsequent section entitled "Debt Issuance Not Considered Net State Tax Supported Debt" are not included in the Net State Tax Supported Debt ("NSTSD") calculation.

GASOLINE AND FUELS TAX ISSUES:

Gasoline and Fuels Tax Fiscal Year 2011-2012:

During Fiscal Year 2011-2012, the State also completed one refunding issue (2012 Series A-1) 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 as 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 may be expended for certain projects identified in the Transportation Act aggregating \$2.53 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 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 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 2006 Series A Bonds. As of December 31, 2012, the 2002 Series A Bonds were fully redeemed. The 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 16 Taxes; (ii) any Act 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 2005 Series A and 2006 Series A Bonds. The 2005 Series A and 2006 Series A Bonds are not general obligations of the State and the full faith and credit of the State is not pledged to their payment. The 2005 Series A Bonds and 2006 Series A Bonds were issued on complete parity with the

2002 Series A Bonds. As of December 31, 2012, the outstanding principal balance of the 2005 Series A Bonds was \$11,870,000 and the outstanding principal of the 2006 Series A Bonds was \$1,030,930,000.

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 2008 bonds were not issued on December 1, 2008. 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.

In 2009, the Commission, on behalf of the State, issued \$485,000,000 aggregate principal amount in four separate subordinate lien revenue bond series, as follows:

- a. The \$200,000,000 Gas and Fuels Tax Second Lien Variable Rate Revenue Bonds, Series 2009A-1 were issued in a variable rate weekly mode with a stated maturity of 35 years and were backed by a letter of credit for a one year period from JPMC.
- b. The \$103,125,000 Taxable Gas and Fuels Tax Second Lien (Build America Bonds) Series 2009A-2 were issued May 7, 2009. The 2009A-2 Bonds were issued in a weekly rate mode at a variable rate of 3 month LIBOR plus 275 basis points, with a floor of 3%. They were callable by the State at any time with a 60 day notice. Although the Bonds had a stated maturity of 2043, the Bonds had a soft put which was exercisable on May 7, 2012. If the put was exercised, the State was required to 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 2009A-3 Bonds were issued in a weekly mode at a variable rate of 3 month LIBOR plus 250 basis points. Although the 2009A-3 Bonds have a stated maturity of 2043, the 2009A-3 Bonds have a hard put which is exercisable on May 27, 2014. When exercised, the State must redeem the 2009A-3 Bonds either through a refinancing or through utilization of the available collected gas and fuels taxes. The associated hedge agreement on the 2009A-3 Bonds, as described below, had a 3 year hard put which was to expire on May 1, 2012. As a consequence, the 2009A-3 Bonds might have been unhedged for a period of two years from May 1, 2012 through May 1, 2014.
- d. The \$60,635,000 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 rate mode at a variable rate of 3 month LIBOR plus 250 basis points. Although the 2009A-4 Bonds have a stated maturity of 2043, the 2009A-4 Bonds have a hard put which is exercisable on July 1, 2012. When exercised, the State must redeem the 2009A-4 Bonds either through a refinancing or through utilization of the available collected gas and fuels taxes. The associated hedge agreement on the 2009 A-4 Bonds, as described below, has a 3 year hard put which expires July 1, 2012. As a consequence, a termination payment or receipt may be due on that date.

Concurrent with the above listed bond issues, 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 MKFP and JPMC hedge agreements were further extended from May 1, 2009 to May 7, 2009. The effective date for each of the MLCS 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 MKFP hedge agreement, in the notional amount of \$186,000,000 and the MKFP hedge agreement in the notional amount of \$56,500,000 were utilized in connection with the issuance and delivery of the 2009 A-1 Bonds and the 2009A-2 Bonds.

The JPMC hedge agreement, in the notional amount of \$46,500,000 and the JPMC hedge agreement in the notional amount of \$14,125,000, were utilized in connection with the issuance and delivery of the 2009 A-1 Bonds and the 2009A-2 Bonds.

The MLCS hedge agreement, in the notional amount of \$121,250,000, was utilized in connection with the issuance and delivery of the 2009A-3 Bonds. The MLCS 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 2009A-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 2009A-1 Bonds from the weekly rate mode to an indexed mode, and the 2009A-1 Bonds now bear interest at the SIFMA rate plus 0.755 basis points. In conjunction with the conversion of the interest rate mode on the 2009 Series A-1 Bonds, the irrevocable letter of credit was terminated. The existing MKFP hedge agreement in the notional amount of \$186,000,000 and JPMC hedge agreement in the notional amount of \$14,125,000, which are associated with the refunded 2009A-2 Bonds, 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 Series 2010 A Refunding Bonds.

On June 1, 2010, the Commission, on behalf of the State, issued the Series 2010-A Refunding Bonds in the aggregate principal amount of \$103,125,000, for the purpose of current refunding the 2009 Series A-2 Bonds on June 1, 2010. The 2010A Series Refunding Bonds were issued in an 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 Bonds, 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 Series 2010A Refunding Bonds. The MKFP and JPMC hedge agreements are subject to termination in 2014.

On August 26, 2010, the Commission, on behalf of the State, issued the Series 2010-B Gas and Fuels Tax Second Lien Revenue Bonds in the aggregate principal amount of \$394,310,000, bearing coupon interest rates ranging from 4.0% to 5.0%. Bond proceeds were used for the purpose of providing funds to finance the construction of certain highway and bridge projects.

In order to avoid a termination payment or exercised put, the State novated several Swap agreements in April 2012 as follows:

- a. In connection with the 2009A-3 Bonds, the Merrill Lynch hedge agreements were novated to Jefferies on April 13, 2012 with notional amounts of \$93,000,000 and \$28,249,500, terminating on May 1, 2041.
- b. In connection with the 2009A-4 Bonds, the Citi hedge agreements were novated to Wells Fargo on April 18, 2012 with notional amounts of \$46,500,000 and \$14,125,000, terminating on May 1, 2043.

As of December 31, 2012, 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, \$121,250,000 and \$60,625,000; and the outstanding balance of the Taxable Gasoline and Fuels Tax Second Lien Revenue Bonds Series 2010A and Series 2010B was \$103,125,000 and \$394,310,000, respectively.

On May 24, 2012, the Commission, on behalf of the State, issued \$803,080,000 of Gasoline and Fuels Tax Revenue Refunding Bonds, 2012 Series A-1, with coupon interest rates ranging from 2.5 % to 5.0%, to a) current refund \$221,910,000 of the State of Louisiana Gasoline and Fuels Tax Revenue Bonds, 2002 Series A, bearing coupon interest rates ranging from 4.75% to 5.375% and to b) advance refund i) \$511,210,000 of the Gasoline and Fuels Tax Revenue Bonds 2005 Series A, bearing coupon interest rates ranging from 5.00% to 5.25% and ii) \$76,560,000 in Gasoline and Fuels Tax Revenue Bonds 2006 Series A, bearing coupon interest rates ranging from 4.0% to 5.0%. Refunding proceeds of \$902,716,555 include bond proceeds at the par amount of \$803,080,000, a premium of \$91,565,776, and transfers from the 2002A, 2005A, and 2006A Debt Service Fund of \$8,070,779. Proceeds were used to a) purchase \$672,811,815 in United States Treasury Securities-State and Local Government Services which were placed in an irrevocable trust together with an initial cash deposit of \$227,527,452 to be used solely to current refund Series 2002A bonds of \$221,910,000 on June 1, 2013; advance refund Series 2005A bonds of \$511,210,000 on May 1, 2016; and advance refund Series 2006A bonds of \$76,560,000 on May 1, 2018 and b) pay issuance costs of \$532,886 and underwriter's discount of \$1,841,379. As a result, the liability for the aforementioned enumerated maturities of the Series 2002A, 2005A, and 2006A bonds has been removed from the governmental activities column of the statement of net assets. The State refunded the bonds to reduce its total gross debt service payments over the next 23 years by \$100,668,917 and to obtain an economic gain of \$71,211,593.

Gasoline and Fuels Tax - Subsequent Event - Fiscal Year 2012-2013 through December 31, 2012:

As of December 31, 2012, the State of Louisiana had the following Gasoline and Fuels Tax Bonds outstanding: Series 2005A, 2006A, 2009A-1, 2009A-3, 2009A-4, 2010-A, 2010-B and 2012A-1 with a total par value of \$2,725,190,000 and outstanding related financing costs of \$2,803,750,802. The Series 2005A, 2006A, 2010B and 2012A-1 Bonds are fixed rate issues. The remaining series are variable rate issues with 35 year original maturities and have associated floating to fixed interest rate swaps.

Series 2005A, 2006A and 2012A-1 are senior lien debt supported first by the 4 cent gasoline and special fuels tax and after fulfillment of the General Obligation debt service requirement, the 16 cent gasoline and special fuels tax. All other gasoline and special fuels tax issues are second lien issues secured, after the fulfillment of the General Obligation debt service requirement, solely by the 16 cent gasoline and fuels tax.

Series 2009A-1 and Series 2010-A both have a mandatory tender date of June 1, 2013. Series 2009 A-4 has a mandatory tender date of November 1, 2013. These series must all be refunded prior to the mandatory tender dates to avoid a swap termination payment.

APPROPRIATION DEPENDENCY ISSUES:

Appropriation Dependency – Fiscal Year 2011-2012:

On April 4, 2012, Office Facilities Corporation issued \$69,890,000 of Lease Revenue Refunding Bonds (Louisiana Capitol Complex Program), Series 2012, with coupon interest rates ranging from 4.0% to 5.0% to advance refund certain maturities, with the balance outstanding of \$75,380,000, of the Corporation's Lease Revenue and Refund Bonds Series 2003, bearing coupon interest rates ranging from 4.75% to 5.25%. Refunding proceeds of \$83,157,055 include bond proceeds at the par amount of \$69,890,000, a premium of \$11,375,938, and a transfer from the 2003 Debt Service Fund of \$1,891,118. A portion of the proceeds were issued to purchase United States Treasury Securities-State and Local Government Services which were placed in an irrevocable trust together with an initial cash deposit to be used solely to advance refund the outstanding Series 2003 bonds of \$75,380,000 on various dates beginning on November 1, 2014. Also, issuance costs of \$544,104 were funded from the proceeds. As a result, the liability for Series 2003 bonds has been removed from the governmental activities column of the statement of net assets. The Series 2003 Bonds

maturing November 1, 2012, and November 1, 2013, in the aggregate principal amount of \$11,040,000, were not refunded with proceeds of the Series 2012 Bonds and will remain outstanding. The Corporation advance refunded the bonds to reduce its total gross debt service payments through November 1, 2023 by \$6,352,240 and to obtain an economic gain of \$7,500,009, which concurrently provides equivalent economic and debt service relief benefits to the State.

During Fiscal Year 2011-2012, Louisiana Local Government Environmental Facilities and Community Development Authority (LCDA) issued three series of bonds. (1) On October 11, 2011, LCDA issued \$31,495,000 Revenue Refunding Bonds (BRCC Facilities Corporation Project) Series 2011, with coupon interest rates ranging from 2.0% to 5.0% to advance refund portion of maturities, with the balance outstanding of \$31,635,000, of LCDA Revenue Bonds (BRCC Facilities Corporation Project) Series 2002, bearing coupon interest rates ranging from 5.0% to 5.375%. Refunding proceeds of \$34,714,965 include bond proceeds at the par amount of \$31,495,000, a premium of \$2,419,965 and transferring from Fiscal Year 2012 Board Contribution of \$800,000. Also issuance costs of \$627,165 were funded from the proceeds. LCDA advance refunded the bonds to reduce its total gross debt service payments through December 1, 2026 by \$2,504,347 and to obtain an economic gain of \$2,954,056. (2) On October 27, 2011, LCDA issued \$42,646,377.05 Revenue Bonds (LCTCS Facilities Corporation Project), Series 2011, with coupon interest rates ranging from 2.22% to 3.85%. Bonds proceeds of \$43,773,377 include the par amount of \$42,646,377, and Fiscal Year 2012 Cash Appropriation (Project Fund) of \$1,127,000. Also issuance costs of \$360,115 were funded from the proceeds. (3) On April 18, 2012, LCDA issued \$24,125,000 Revenue Refunding Bonds (BRCC Facilities Corporation Project) Series 2012, with coupon interest rates ranging from 3.625% to 5.0% to advance refund remaining portion of maturities, with the balance outstanding of \$23,365,000, of LCDA Revenue Bonds (BRCC Facilities Corporation Project) Series 2002, bearing a coupon interest rate of 5%. Refunding proceeds of \$24,950,110 include bond proceeds at the par amount of \$24,125,000, a premium of \$240,985 and transfers from prior issue debt service funds of \$584,125. Also issuance costs of \$270,000 were funded from the proceeds. As a result, the liability for Series 2002 bonds has been removed from the governmental activities column of the statement of net assets. LCDA advance refunded the bonds to reduce its total gross debt service payments from maturity December 1, 2028 to 2033 by \$1,373,829 and to obtain an economic gain of \$1,590,591.

On September 14, 2011, the Parish of St. James issued \$26,650,000 Revenue Bonds (State of Louisiana – Economic Development Project), Series 2011, with coupon interest rates ranging from 2.0% to 5.0%. Bond proceeds of \$30,262,502 include the par amount of \$26,650,000 and a premium of \$3,612,502. Also issuance costs of \$138,733 were funded from the proceeds. The Parish provides funds to construct and equip a direct reduced iron making facility, land, docks, wharves and related improvements for the benefit of Nucor Steel Louisiana LLC or Nucor Corporation, which is supported by the Cooperative Endeavor Agreement between the State and Parish of St. James.

On September 30, 2011, West Calcasieu Parish Community Center Authority issued \$7,855,000 Revenue Bonds (Events and Community Center Project), Series 2011, with a coupon interest rate of 3.79%.

The underlying security for appropriation dependent issues are payments under separate 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, 2012, the State of Louisiana provided support to a number of appropriation dependency issues totaling \$1,113,657,997, 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 2012-2013 through December 31, 2012

On September 6, 2012, Lafayette Public Trust Financing Authority (LPTFA) issued \$13,185,000 Revenue Refunding Bonds (South Louisiana Facilities Corporation Project) Series 2012, with coupon interest rates ranging from 2.0% to 4.0% to advance refund all maturities, with the balance outstanding of

\$14,295,000, of LPTFA Revenue Bonds (BRCC Facilities Corporation Project) Series 2002, bearing coupon interest rates ranging from 3.45% to 4.75%. Refunding proceeds of \$15,372,911 include bond proceeds at the par amount of \$13,185,000, a premium of \$298,407 and transferring from prior issue debt service funds of \$1,251,779. Also issuance costs of \$230,361 were funded from the proceeds. LPTFA advance refunded the bonds to reduce its total gross debt service payments through October 1, 2027 by \$2,194,929 and to obtain an economic gain of \$2,394,776.

On December 4, 2012, LCDA issued \$38,050,000 Revenue Refunding Bonds (Bossier Parish Community College – Campus Facilities, Inc. Project) Series 2012, with coupon interest rates ranging from 4.0% to 5.0% to advance refund all maturities, with the balance outstanding of \$42,795,000 of LCDA Revenue Bonds (Bossier Parish Community College – Campus Facilities, Inc. Project) Series 2002, bearing coupon interest rates ranging from 4.45% to 5.20%. Refunding proceeds of \$43,982,300 include bond proceeds at the par amount of \$38,050,000, a premium of \$5,609,142 and transferring from Fiscal Year 2013 appropriation of \$323,158. Also issuance costs of \$380,246 were funded from the proceeds. LCDA advance refunded the bonds to reduce its total gross debt service payments through December 1, 2027 by \$7,935,763 and to obtain an economic gain of \$7,845,798.

As stated previously, 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, 2012 the State of Louisiana had 29 outstanding appropriation dependency issues with a total par value of \$1,078,204,663 and outstanding related financing costs of \$480,786,167. The total \$1,558,990,830 is considered Net State Tax Supported Debt and counts toward the State's allowable debt limit.

Other Self-Supporting Issues – Fiscal Year 2011-2012

During Fiscal Year 2011-2012 there were no new self-supporting issues or refunding actions associated with existing self-supporting issues which would fall under the state's definition of Net State Tax Supported Debt.

Other Self-Supporting Issues – Subsequent Events – Fiscal Year 2012-2013

During the first six months of Fiscal Year 2012-2013 there were no new self-supporting issues or refunding actions associated with existing self-supporting issues which would fall under the state's definition of Net State Tax Supported Debt.

As of December 31, 2012, the State of Louisiana had the following self-supporting issues outstanding: Greater Baton Rouge Port Commission, Series 1999A and 1999B, and Greater New Orleans Expressway Commission, Series 2003 and Refunding Series 2009A with a total par value of \$53,000,000 and outstanding related financing costs of \$28,567,440, which are considered Net State Tax Supported Debt and counts toward the State's allowable debt limit.

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 refunded with proceeds of the State's General Obligation Refunding Bonds, Series 2008-A on July 17, 2008. The Series 2008-A Bonds were 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 Refunding Bonds were issued on July 17, 2008 as Variable Interest Rate Bonds.

On June 1, 2011 all but one outstanding maturity of the Series 2008-A Refunding Bonds were refunded with the issuance of the General Obligation Refunding Bonds Series 2011-B (LIBOR Index) in the par amount of \$177,130,000 maturing by July 15, 2014. Pursuant to La. R.S. 39:1367(E)(2)(b)(iii), the Series 2006B and 2011B bonds are not considered Net State Tax Supported Debt for state law purposes, however, these issues continue to be considered a component of the Net State Tax Supported Debt by all three major rating agencies.

On June 27, 2012, the State issued \$144,575,000 of General Obligation Refunding Bonds, Series 2012-D to current refund the balance outstanding of \$120,215,000 in General Obligation Match Bonds, Series 2006-B, which details were stated in the General Obligation Bonds section.

As of December 31, 2012, the outstanding par values of the Series 2006B, 2011B and 2012D are \$33,905,000, \$168,770,000 and \$144,575,000, respectively. The outstanding related financing costs on the Series 2006B, 2011B and 2012D are \$3,986,800, \$12,738,906 and \$15,363,100 respectively.

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**DECEMBER 31, 2012 STATUS PROJECTED FORWARD
THROUGH FISCAL YEAR 2029-2030**

As of **December 31, 2012**, the total **par** amount of Net State Tax Supported Debt (“NSTSD”) outstanding was **\$6,149,154,663**, with associated interest and other costs estimated at \$4,157,166,147, providing a total outstanding debt cost through fiscal year 2044-2045 of \$10,303,898,842. At par, the current NSTSD per capita debt ratio, based on the July 1, 2012 population estimate of 4,601,893, is **\$1,336**, **an increase of \$18 per person over last year’s per capita debt ratio of \$1,318**.

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, 2012, Total Taxes, Licenses & Fees as estimated by the Revenue Estimating Conference on December 13, 2012 for Fiscal Years 2012-13 through Fiscal Year 2015-2016 (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 2029-2030 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 (\$37,891,800), Series 2011B (\$181,508,906) and Series 2012D (\$159,938,100). 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 12/31/12	Revenue Projections (in thousands) As of 12/13/12	Current Percentage As of 12/31/12	Allowable Percentage
2013	254,295	9,852,700	2.58%	6.00%
2014	553,988	10,085,400	5.49%	6.00%
2015	526,954	10,290,300	5.12%	6.00%
2016	513,746	10,610,500	4.84%	6.00%
2017	489,409	11,025,200	4.44%	6.00%
2018	470,799	11,245,704	4.19%	6.00%
2019	448,173	11,470,618	3.91%	6.00%
2020	438,942	11,700,030	3.75%	6.00%
2021	465,908	11,934,031	3.90%	6.00%
2022	439,461	12,172,712	3.61%	6.00%
2023	421,686	12,416,166	3.40%	6.00%
2024	407,174	12,664,489	3.22%	6.00%
2025	401,291	12,917,779	3.11%	6.00%
2026	364,901	13,176,135	2.77%	6.00%
2027	328,926	13,439,657	2.45%	6.00%
2028	295,396	13,708,450	2.15%	6.00%
2029	291,570	13,982,619	2.09%	6.00%
2030	260,504	14,262,272	1.83%	6.00%

Table 2 illustrates the impact of the existing debt, as reflected in Table 1, as well as the State issuing: (a) \$250,000,000 of Revenue Bonds in Fiscal Year 2012-2013 (SHIF Program); (b) \$250,000,000 General Obligation Bonds in Fiscal Year 2013-2014; (c) \$350,000,000 General Obligation Bonds in Fiscal Year 2014-2015 and every year thereafter to reflect the annual incremental Capital Outlay Act authorization on a trailing three year basis and (d) \$7,000,000 in Fiscal Year 2012-2013 to reflect the issuance of Louisiana Agriculture and Finance Association Bonds.

TABLE 2

Fiscal Year Ending 6/30	Current Debt Service (in thousands)	Revenue Projections (in thousands)	Current Percentage	Allowable Percentage
	As of 12/31/12	As of 12/13/12	As of 12/31/12	
2013	260,148	9,852,700	2.64%	6.00%
2014	601,726	10,085,400	5.97%	6.00%
2015	585,053	10,290,300	5.69%	6.00%
2016	604,205	10,610,500	5.69%	6.00%
2017	612,215	11,025,200	5.55%	6.00%
2018	625,956	11,245,704	5.57%	6.00%
2019	636,257	11,470,618	5.55%	6.00%
2020	659,343	11,700,030	5.64%	6.00%
2021	718,622	11,934,031	6.02%	6.00%
2022	724,479	12,172,712	5.95%	6.00%
2023	739,013	12,416,166	5.95%	6.00%
2024	755,842	12,664,489	5.97%	6.00%
2025	782,333	12,917,779	6.06%	6.00%
2026	766,777	13,176,135	5.82%	6.00%
2027	730,804	13,439,657	5.44%	6.00%
2028	697,276	13,708,450	5.09%	6.00%
2029	693,449	13,982,619	4.96%	6.00%
2030	662,388	14,262,272	4.64%	6.00%

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Table 3 illustrates the impact of the existing debt, as reflected in Table 1, as well as the State issuing: (a) \$250,000,000 of Revenue Bonds in Fiscal Year 2012-2013 (SHIF Program); (b) \$250,000,000 in General Obligation Bonds in Fiscal Year 2013-2014; (c) \$350,000,000 General Obligation Bonds in Fiscal Year 2014-2015 and every year thereafter to reflect the trailing annual incremental Capital Outlay Act authorization on a trailing three year basis; (d) \$7,000,000 in Fiscal Year 2012-2013 to reflect the issuance of Louisiana Agriculture and Finance Association Bonds and (e) \$200,000,000 in Fiscal Year 2013-2014 through Fiscal Year 2016-2017 to cover the past issuance delay.

TABLE 3

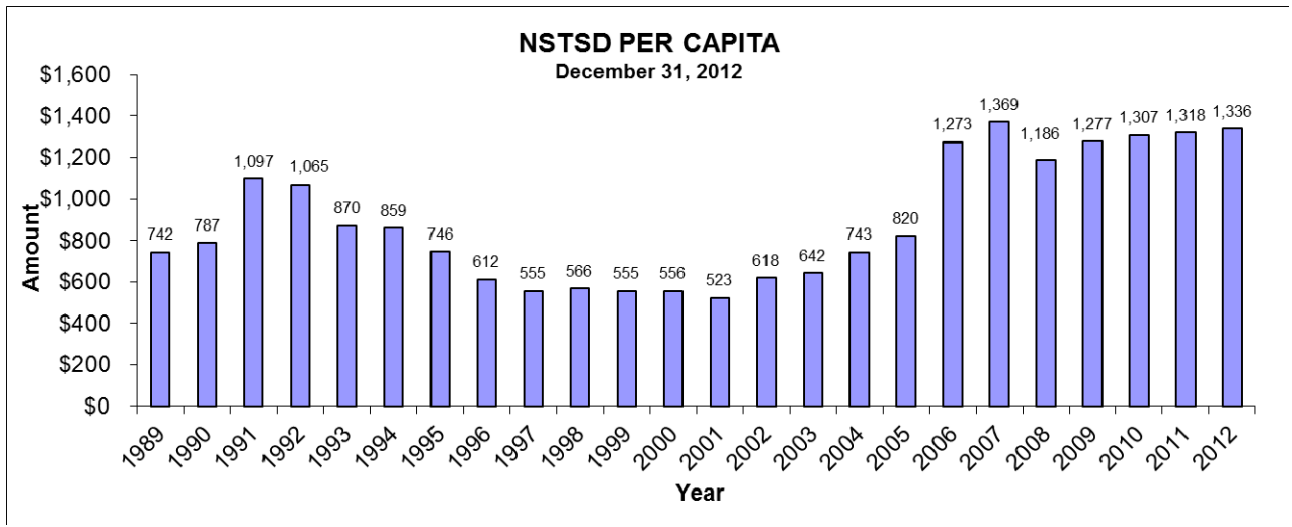
Fiscal Year Ending 6/30	Current Debt Service	Revenue Projections	Current Percentage	Allowable Percentage
	(in thousands) As of 12/31/12	(in thousands) As of 12/13/12	As of 12/31/12	
2013	260,148	9,852,700	2.64%	6.00%
2014	608,260	10,085,400	6.03%	6.00%
2015	609,825	10,290,300	5.93%	6.00%
2016	642,169	10,610,500	6.05%	6.00%
2017	673,424	11,025,200	6.11%	6.00%
2018	698,791	11,245,704	6.21%	6.00%
2019	709,095	11,470,618	6.18%	6.00%
2020	732,179	11,700,030	6.26%	6.00%
2021	791,460	11,934,031	6.63%	6.00%
2022	797,321	12,172,712	6.55%	6.00%
2023	811,850	12,416,166	6.54%	6.00%
2024	828,679	12,664,489	6.54%	6.00%
2025	855,169	12,917,779	6.62%	6.00%
2026	839,619	13,176,135	6.37%	6.00%
2027	803,647	13,439,657	5.98%	6.00%
2028	770,119	13,708,450	5.62%	6.00%
2029	766,292	13,982,619	5.48%	6.00%
2030	735,231	14,262,272	5.16%	6.00%

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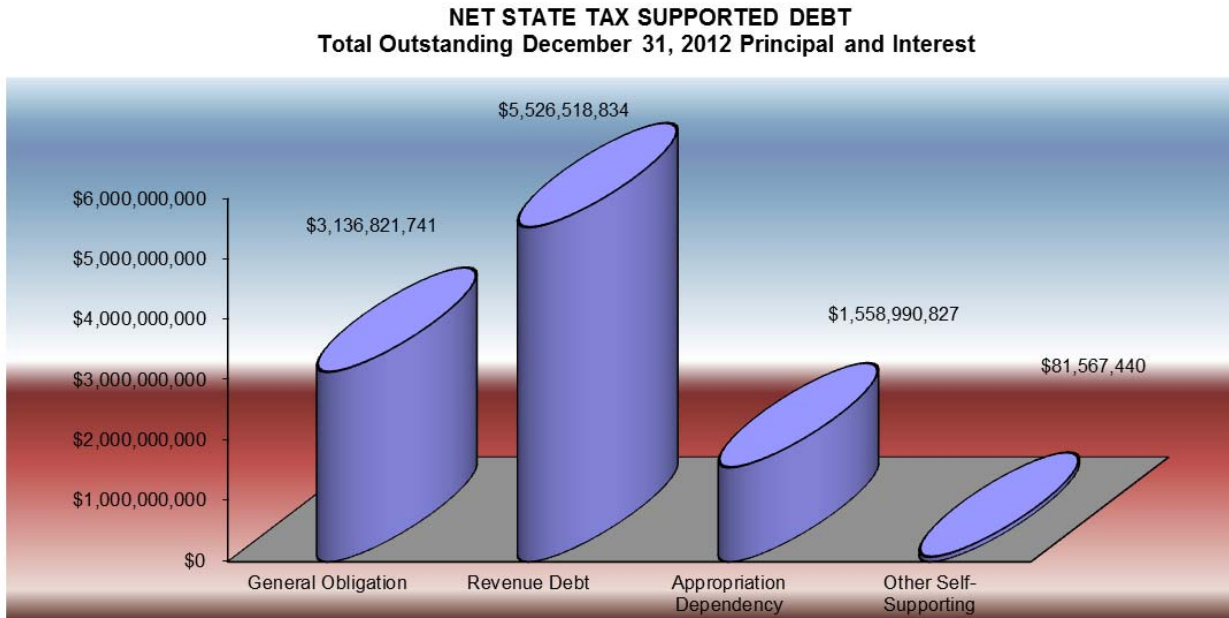
State Credit Rating and Debt

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, 2012.

NSTSD per capita as of December 31st from 1989 through 2012



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



Notes for preceding chart:

- *General Obligation includes ALL outstanding General Obligation Bonds with the exception of the G.O. Match Bonds, Series 2006B, G.O. Refunding Bonds, Series 2011B and Taxable G.O. Refunding Bonds, Series 2012D.*
- *Revenue Debt includes State of Louisiana-Gasoline & Fuels Tax Revenue Bonds (Series 2005A, Series 2006A and Series 2009A-1, A-3, A-4, Series 2010A, 2010B and 2012A-1) payable from the proceeds of the four and sixteen cents per gallon gasoline and special fuels tax.*
- *Appropriation Dependency; Office Facilities Corporation 2003, 2009A, 2010A and 2012A; Louisiana Correctional Facilities Corporation Series 2007A; LPFA Public Safety Fire Marshal's Headquarters Series 2002A; the Community Colleges LCDA - Bossier Parish Community College Series 2012B, Baton Rouge Community College Series 2003B, 2011 and 2012, LCDA- Delta Community College Series 2008A, LPTFA - South Louisiana Community College Series 2012; LCDA -LCTCS Facilities Corporation Project Series 2009A&B, Series 2010A and 2011; LAFA Taxable Refunding Revenue Bonds (Lacassine Syrup Mill Project)- Series 2009; 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; St. James Economic Development Project, Series 2011A; and West Calcasieu Parish Community Center Authority, Series 2011.*
- *Other Self-Supporting Debt includes Greater Baton Rouge Port Commission (Series 1999A&B); and Greater New Orleans Expressway Commission (Series 2003 and 2009A).*

Assumptions

The revenue base for Fiscal Year 2012-2013 through Fiscal Year 2016-2017 is the Revenue Estimating Conference Forecast of December 13, 2012. 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 3 year maturity. Gasoline and Fuels Tax Bond Series 2009A-1, A-3, A-4, 2010A and 2010B 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, 2012 ⁽¹⁾	\$ 2,640,010,000
General Obligation Debt Authorized but Unissued as of December 31, 2012	<u>\$ 1,696,475,000</u>
Total General Obligation Debt Issued plus Authorized but Unissued	<u>\$ 4,336,485,000</u>
Bond Security and Redemption Fund Average Collections Last 3 Years Times 2	<u>\$22,591,674,613</u>
Fiscal Year 2011-12	\$11,537,730,000
Fiscal Year 2010-11	\$11,418,794,926
Fiscal Year 2009-10	\$10,930,986,993

⁽¹⁾ For purposes of this calculation all issuances of General Obligation Debt, including the 2006B, 2011B and 2012D, 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 percent 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>\$11,295,837,306</u>
Times 10%	<u>\$ 1,129,583,731</u>
Highest Annual General Obligation Debt Service Requirement FY 2013-2014	<u>\$296,302,014</u>