

CURRENT DEVELOPMENTS IN MUNICIPAL FINANCE

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CURRENT DEVELOPMENTS IN MUNICIPAL FINANCE:

I. OVERVIEW

A. Many Challenges Facing Municipalities

1. Some of the biggest challenges are decaying infrastructure, deferred maintenance and need for infrastructure expansion related to health and welfare of citizenry
 - a. Lack of funding and decreases in capital outlay budgets prevent needed construction of roads, drainage and other necessities to maintain and develop communities, and attract further development.
 - b. Mercy of taxpayers who want improvements but not added costs
 - (i) e.g., 2008 defeat of bond referendum in East Baton Rouge parish
 - (ii) more concerned about state or federal fiscal matters
 - c. Disputes with conterminous governing authorities for same tax dollars
 - (i) City of New Iberia
 - (ii) City of St. Gabriel
2. Expanding populations
 - a. Progress requires higher and more attractive jobs
 - b. Greater population to serve creates necessity for increased infrastructure
3. Tight credit markets

B. Solutions

1. Impossible to address needs of locality without subsidies and other incentives
 - a. Necessary for viability and progress
2. Innovative vehicles are needed to meet the current challenges
 - a. Federal and state programs, incentives and financial instruments
 - b. Private capital infusion
 - c. Innovative processes applied to existing financial instruments
 - d. Necessity for constant evolution
 - (i) Consistent need to not only monitor need the legislation, but play an active role as an advocate for municipalities

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3. Overview of financial instruments and incentives
 - a. Traditional Tax Exempt Bonds
 - b. Increased Bonding Authority and Subsidies under the America Recovery and Reinvestment Act
 - c. Tax Increment Financing (“TIF”) Districts;
 - d. Community Development Districts (“CDDs”)
 - e. New Markets Tax Credits (“NMTC”)
 - f. Other Subsidies and Grants
 - (i) CDBG
 - (ii) 108 Loans
 - (iii) Energy efficiency block grants
 - (iv) Louisiana incentives

II. TRADITIONAL TAX EXEMPT BONDS

A. Variations

1. General Obligation Bonds—Issued directly by governments and are based on a government’s ability to tax its citizens
2. Revenue Bonds—Issued by third-party entities that are affiliated with government. Bonds are backed by revenue generated through the third party entities
 - a. e.g., LCDA
3. Bonds are government issued long-term securities subject to federal securities laws

B. Allowable Uses (under IRC §§ 103, 141-150, 1394)

1. General state and local government facilities/uses—Eligible to be issued by states and all political subdivisions and entities empowered to issue “on behalf of” for public purposes
 - (a) Financing roadways or highway improvements;
 - (b) Financing governmental facilities;
 - (c) Other infrastructure; or
 - (d) Local services
2. Industrial development bonds
3. Waste water and solid waste treatment
4. 501(c)(3) non-profit organizations

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5. Low income housing bonds
 6. Redevelopment bonds
 7. Empowerment zone facility bonds
 8. Private activity bonds and limitations
- C. **Term**
1. Maturity and amortization can match useful life of capital project financed under debt instrument
- D. **Refunding**
1. No restriction on refunding, but tax exempt issue can only be refunded once under Internal Revenue Code (IRC)
- E. **Benefits**
1. Bondholders receive tax exempt interest from bonds under IRC § 103—interest paid semi-annually
 2. Potentially more attractive than other debt instruments because of tax exempt interest and predictability—Provides tax-exempt payment to investors and reduced lending costs to governmental entities.
- F. **The LCDA**
1. Statewide political subdivision created by the Louisiana legislature to increase competition for issuing authority and assist local governments with financing needs
 2. Governed by board consisting of mayors and other public officials
 3. Defined process for bond issuance and project approval
 - a. Issues bonds “on behalf of” local governments pursuant to federal tax law and loans money to municipalities to assist with financing qualified projects under IRC
 4. Membership
 - a. Free

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- b. Creates good credit rating and lower interest rate
5. Repayment is secured by “lawfully available funds,” or revenues accruing to general fund of municipality less specific ear-marked funds
 - a. If municipality has existing revenues sufficient to pay debt, there is no need for tax referendum
 - b. Loans of the LCDA are not limited to 10 year maturities as with Certificates of Indebtedness
 6. Authorized to initiate bond validation suits to legitimize the bonds, revenue stream, underlying payment obligations and any governmental acts authorizing the issuance of the bonds or any matters pertaining to the bonds
 - a. City of St. Gabriel Bond Validation proceedings

G. Competitive v. Negotiated Sale of Bonds

1. Competitive Sale of Bonds
 - a. In some instances, the competitive sale of bonds is required by law, e.g., new money general obligation bonds of municipality
 - b. Preliminary Official Statement is prepared and given to underwriters to distribute to potential buyers
 - c. Actual bid deadline is a set time and date (usually during meeting of the governing authority)
 - d. No flexibility in timing and fluctuations in the market
 - e. Underwriters fee is not shown in costs of issuance, but underwriters include their fee through interest rates and reselling the bonds at a premium
 - f. Chance of getting no bids or 1 bid is commonplace
2. Negotiated Sale of Bonds
 - a. Issuer engages an investment bank/underwriter and a financial advisor
 - b. Underwriter and financial advisor provide structuring advice such as credit enhancement, as well as interact with appropriate parties
 - c. Working group prepares a Preliminary Official Statement and distributes to potential buyers
 - d. Underwriter and financial advisor make recommendations based on prevailing market conditions and have flexibility to price the bonds on a date the market is favorable for the Issuer
 - e. Final interest rate accepted by the Issuer and remains in place until closing

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- f. Underwriter's compensation is contingent and negotiated with the Issuer and is shown as a fee on costs of issuance
- g. Advantage of professional advice, responsibility for rating agency and assistance with credit enhancement presentations

III. AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

A. Overview

1. Enacted in February 2009 as part of largest economic stimulus bill in U.S. history
 - a. Established Build America Bonds and other tax credit bonds (recovery zone economic development bonds, qualified school construction bonds, qualified energy conservation bonds)
 - b. Provides federal grants for "shovel ready" projects
2. IRS Notices 2009-26 and 2009-29 provide guidance regarding public finance provisions
3. Creation and expansion of inducements for investors in tax exempt bonds
4. Have assisted many clients with BABs (e.g., City/Parish of East Baton Rouge)

B. Build America Bonds

1. Types (see attached chart)
 - a. Direct Pay Credit Bonds—allows municipalities to sell taxable bonds and receive a 35% direct interest subsidy through nonrefundable payments from the federal government
 - (i) Subject to same general rules as traditional tax exempt bonds, but cannot be used for working capital
 - b. Credit in lieu of tax exempt treatment—allows investors to claim tax credits worth 35% of interest paid to municipalities
 - (ii) Subject to same general rules as traditional tax exempt bonds
2. Other Requirements
 - a. Must be issued before January 1, 2011
 - (i) There is a possibility for extension. Congress is considering a tax extenders bill that includes extending BABs
 - b. Issuer must designate as Build America Bonds

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c. Further guidance found in IRS Notice 2009-26

3. Legislative Intent

- a. Goal is to reduce “borrowing” costs to governmental entity and open the market to more institutional investors (e.g., pension funds)
- b. The introduction of more buyers into the marketplace should equate to lower interest rates

C. Other Tax Credit Bonds

1. Types

- a. Recovery Zone Economic Development Bonds
 - (i) Sub category of Build America Bonds
 - (ii) 100% of capital expenditures must be used on public infrastructure, job-training or educational expenditures within a “recovery zone” as designated by the issuer
- b. Qualified School Construction Bonds
 - (i) Issuer pays no interest on bonds and holders receive a nonrefundable tax credit equal to the percentage the U.S. Treasury determines will allow the bonds to be sold at par
 - (ii) Strictly for construction or rehabilitation of public schools
- c. Qualified Energy Conservation Bonds
 - (i) Incurred for purposes of reducing energy consumption in public facilities and other energy efficiency items
 - (ii) Cap of \$46 Million for State of Louisiana

2. Other requirements

- a. Same general rules as tax exempt bonds, with certain differences (see attached chart)
- b. Must be issued before January 1, 2011 (also possibility for extension in tax extenders bill)

D. Expansion and Inducements for Investors in Tax Exempt Bonds

1. Increase of Bank Qualified amount for issuers

- a. Under U.S. tax laws, banks are prohibited from deducting interest expenses allocable to investments in tax-exempt bonds
- b. “Small Issuer” Exception—exception is provided by IRC for interest payable to “small issuers” of tax-exempt bonds
- c. Recovery Act increases the definition of “small issuer” from \$10 million to \$30 million per year per issuer

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- (i) Scheduled to expire on 12/31/2010 if not extended by Congress.
- 2. Creation of 2% total portfolio safe harbor and AMT patch
 - a. Safe harbor for “non-bank” qualified obligations
 - b. AMT patch is extension for GO Zone Act

IV. TAX INCREMENT FINANCING DISTRICTS

- A. **Overview**—through legislation enacted in 2003, a Louisiana parish or municipal governing authority is permitted to utilize tax increment financing to establish an Economic Development District to stimulate private investment and development within defined geographic boundary
- B. **Process**
 - 1. Once the governing authority designates a geographic area (e.g., a highway corridor) within its boundaries as the Economic Development District, or TIF, that area is permitted to capture tax “increments” within the boundary.
 - 2. The TIF can then issue revenue bonds to finance infrastructure improvements, such as highway expansion, sewage, drainage and other necessary infrastructure and services.
 - 3. The bonds are secured and satisfied by incremental sales tax revenues, property tax revenues and/or hotel/motel tax revenues. Meanwhile, the governing authority continues to collect the base value of the taxes.
 - 4. Upon expiration of the TIF district or satisfaction of the bonds, all revenues revert to the governing authority.
 - 5. If no registered voters live in the geographic area for which the TIF is established, the governing authority can impose up to an additional 2% local sales tax without a referendum.
 - 6. In addition to permitting the use of sales taxes as a tool in tax increment financing, the State of Louisiana also provides a “penny match” incentive to further assist commercial establishments in the TIF. Louisiana currently levies a uniform 4% sales and use tax statewide. Under the revised TIF laws, the jurisdiction creating the TIF District may request one cent of this four cent sales tax collected within the TIF District.

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7. Under the revised legislation, the TIF District must commission and submit a professional cost/benefit analysis to the Louisiana Department of Economic Development (“DED”).
 8. LDED then reviews the report to ensure that the TIF will result in a positive/cost benefit relationship for state revenues compared to the base case of the geographic area. LDED also considers the burden or “fairness” of potentially shifting additional retail sales from other areas into the District, as well as may consider certain exceptions for blighted areas. Ultimately, the main position of LDED is that the new businesses in the District must create net positive sales taxes for the State.
 9. The “penny match” must be approved by the State Bond Commission and Joint Legislative Committee on the Budget, both of which rely heavily on the LDED report and analysis. If granted, the “penny match” is capped at \$10 million dollars per District.
 10. 2010 Legislative Update (Act No. 391)—cities and parishes sharing boundaries must received written consent to establish a district covering coterminous boundaries.
 - a. Arose from litigation between City of New Iberia and Iberia Parish, whereupon Iberia Parish attempted to establish TIF over boundaries of City of New Iberia.
- C. **Hypothetical**—Sales taxes from commercial businesses located within a certain blighted 1.2-mile tract of land in the town of Riverton generate approximately \$25,000.00 a year. Through approval of the necessary state bodies, the Riverton governing authority creates a TIF in this geographic area that imposes an additional \$.01 sales tax on purchases made from commercial establishments within the TIF. Creation of the TIF assists in attracting a state-of-the art mixed use development that boosts sales taxes that increase to over \$250,000.00 a year. The additional sales tax proceeds are used to provide a revenue stream to satisfy bonds issued to fund infrastructure improvements and upgrades necessary for the construction and operation of the mixed use development. The mixed use development, in turn, has provided needed repairs and expansion that likely would not have been available through the capital outlay process, as well as new jobs for the citizens of Riverton.

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V. COMMUNITY DEVELOPMENT DISTRICTS

A. Overview

1. Creation: Act No. 992 of 2001 of the Louisiana Legislature created authority for the establishment of Community Development Districts (“CDD’s”) in Louisiana.
2. Definition—Technically speaking, a CDD is an independent special district which can be established by a municipality or parish at the request of a developer to qualify as a quasi-governmental unit to finance basic infrastructure via the issuance of tax-exempt revenue bonds – thus providing an economic development incentive through a lower tax-exempt interest rate.

B. Process—For a developer to successfully create the CDD, it must:

1. Petition the City/Parish governing body for creation of the CDD
2. Petition shall contain:
 - a. Description of the boundaries of the District
 - b. Written consent of all (100%) of landowners in the District;
 - c. Designation of five (5) persons to be initial members of Board of Supervisors;
 - d. Proposed name of District;
 - e. Map of proposed District – showing existing infrastructure; and
 - f. Proposed timetable for construction of infrastructure and estimated cost.
3. Public Hearing by City/Parish governing body within 45 days
4. The City/Parish governing body adopts ordinance establishing a CDD.
5. If the CDD is successfully approved by the city-parish, bonds are then issued and an assessment is placed on property within the district, either in the form of residential units included in the particular project or based on the square footage of retail space and/or sales taxes, any or all of which would be utilized to finance a portion of the debt.
6. The bonds are payable solely from the levy of special assessments by the District on benefited land within the District and other sources that may be available. The bonds may then be sold as bank-qualified (which are attractive to commercial banks), tax-exempt at a substantial interest savings or to investors as nonrecourse or recourse debt as a market rate

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(subject to underwriting restrictions). In addition, the bonds would be secured by a special assessment against specific property that receives the benefits of the CDD infrastructure improvement.

7. Typically, the bond structure will be a mix of “pay-down bonds” and some percentage of long term bonds. The bonds can then be sold non-rated, or credit-enhanced with bond insurance or a bank letter of credit.

C. Powers and Duties

1. Once created, the CDD is a political subdivision of the State and subject to the same requirements as other political subdivisions and local governments (i.e. open meetings, public bid laws, etc.).
2. Once created, the CDD is empowered to finance the following types of infrastructure:
 - a. Streets/roads;
 - b. Bridges and drainage improvements;
 - c. Water/wastewater facilities and lines;
 - d. Water management and control facilities; and
 - e.. Potentially the creation of other infrastructure such as parks and recreational facilities, fire prevention facilities and equipment.

VI. OTHER MUNICIPAL FINANCIAL INCENTIVES AND INSTRUMENTS

A. New Markets Tax Credits

1. **Overview**
 - a. Implemented in 2001 to encourage investment in low-income communities either directly through financing community development projects, or indirectly, by stimulating economic growth and the creation of jobs in these communities.
 - b. Highly competitive but unmatched benefits—several municipalities and other governmental entities have successfully been granted allocations that have assisted in spurring development in their communities.
4. **Technical Requirements**
 - a. A qualified equity investments must be made to acquire stock in a corporation, or a capital investment in a partnership, that is a **qualified community development entity (“CDE”)**.

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- b. Substantially all of the investment proceeds (greater than 85%) must be used by the CDE to make **qualified low-income community investments**.
- c. Qualified low-income community investments are any investments made in a business located in a designated low-income census tracts.

5. Amount and application of credit

- a. Amount of the credit allowable to the investor (either the original purchaser or a subsequent holder) is (i) a five-percent credit for the year in which the equity interest is purchased from the CDE and for each of the following two years, and (ii) a six-percent credit for each of the following four years.
- b. The amount taken into account in computing the credit includes all amounts paid to or on behalf of the entity, including any underwriting fees. *Treas. Reg. §1.45D-1(b)(4)*.
- c. The credit is granted by the CDFI Fund to CDEs through a competitive allocation process each year. Thereafter, the benefits of the credit are passed to not only developing businesses, but also investors.
- d. The credit is set to expire this year, but has been renewed annually every year since 2006.

6. **Application Process**—to qualify for the NMTC, interested parties must first form a CDE, which application can be completed through Department of Treasury. Subsequently, the application for allocation of credits is issued by the Dept. of Treasury's CDFI Fund each year, and each CDE requesting an allocation is required to have the application completed by a set deadline the following year. For the 2009 year, the application deadline was April 8, 2009. Approximately six months after the application deadline, the announcement of the awards will be made by the CDFI Fund.

7. **Benefits to Local Government Agencies**—the first local government to be granted a NMTC allocation was an organization controlled by the City of Phoenix, Arizona. Thereafter, numerous local government organizations have applied for and been granted NMTC allocations including the Wisconsin Housing and Economic Development Authority and most recently, an entity controlled by the City of Fort Wayne, Indiana. In fact, the City and Parish of East Baton Rouge (through the EBR Redevelopment Authority) applied for a NMTC allocation for the 2009 award period. If granted, the allocation will be imperative to facilitate numerous projects in blighted areas of East Baton Rouge Parish, potentially including portions of those projects that were originally included in the bond referendum defeated in East Baton Rouge Parish in October 2008.

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8. **Hypothetical**—a developer in the City of Riverton has sought to develop a vacant building and two lots in a underdeveloped portion of town. The cost of the project is approximately \$29 Million. He has met with interested investors, who have committed approximately \$10 Million in equity investment. He additionally has \$1 Million to put toward the project and has received a commitment from Riverton State Bank for a \$10 Million loan. An \$8 Million financing shortfall remains. The developer learns that an entity controlled by the City of Riverton has a NMTC allocation. The developer meets with the City and explains how his project will not only create 550 temporary construction jobs, but will also create 210 permanent jobs, affordable housing and be a cornerstone to spur further development in this blighted area. The City of Riverton is sold on the project and through a NMTC transaction, allocates \$30 Million of its NMTC allocation to the project. The equity benefit to the project (through a junior reduced interest rate loan, loan forgiveness or other benefit) is approximately \$6 Million, and through the use of the Federal NMTC, another \$2 Million in equity is obtained through the receipt of a Louisiana NMTC allocation for the project (discussed below). Conversely, the tax credits derived from the \$30 Million (approximately \$11.7 Million) are passed through to the financial institution making the loan and the CDE operated by the City of Riverton receives a financial benefit through the payment of debt and/or an equity interest in the project. Indirect benefits also flow through to the city, as the blighted area is renovated, it has created more jobs for its citizens, increased the tax rolls for the city and provided an attractive keystone to attract further development and potentially, new citizens.

B. Stimulus Bill Grants

1. Highlights
 - a. Recovery Act provides millions of dollars in federal subsidies to build and repair roads, bridges, sewer systems, power grids and communication infrastructure
 - b. Priority is given to “shovel ready” projects, or those that have approvals and permits in place
 - c. Must meet normal Community Development Block Grant (“CDBG”) and/or other applicable grant requirements
 - d. Over \$300 Million set aside for State of Louisiana related to CDBG, energy efficiency and other matters

C. Louisiana Programs and Incentives

1. Empowerment Zones

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2. Quality Jobs Programs
3. Community Development Block Grant (“CDBG”)
 - a. Section 108 HUD Loans
4. Energy Efficiency Grants
5. Louisiana NMTC

VII. RECENT DEVELOPMENTS

A. Attorney General Opinions

1. **Attorney General Opinion 09-0024**—costs related to construction within or about designated geographical area of a tax increment financing district may be included in determining the costs of an economic development project under Louisiana Cooperative Endeavor Law
2. **Attorney General Opinion 09-0046**—bonds secured solely by and payable solely from sales tax revenue of a public entity are deemed revenue bonds under Louisiana law and can be sold through a private sale pursuant to Louisiana law
3. **Attorney General Opinion 10-0116**-Board of special district must first obtain approval of governing authority of parish, in the form of an ordinance—as opposed to a resolution, prior to levying ad valorem taxes in district.
4. **Attorney General Opinion 10-0073**-Parish may not levy ad valorem taxes on property located within city for flood protection projects.

B. City/Parish TIF Issue—HB 858

1. **Facts**
 - a. City seeks to establish TIF district over certain incorporated portions of city and become governing authority over district
 - b. Parish seeks to establish TIF district over unincorporated portions of parish as well as same incorporated portions of city
 - c. Race to see which ordinance or TIF is approved and implemented first

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2. Legal Issues

- a. Under Louisiana law, a defined geographic area cannot be subject to inclusion in more than one TIF district. *La. R.S. 33:3031, et seq.*
- b. Parish should be constitutionally and statutorily prohibited from attempting to implement district in incorporated portions of municipalities with permission of municipality as:
 - (i) Complete control and jurisdiction over incorporated areas are vested in governing body of municipality.
 - (a) *La. R.S. 33:361*
 - (b) *La. R.S. 39:471*
 - (c) *State v. Meche, 98-327 (La. App. 3 Cir. 12/16/1998), 724 So. 2d 847, citing La. Atty. Gen. Op. No. 1982-457.*
 - (d) *IESI La. Corp., v. LaSalle Parish Police Jury, 07-1096 (La. App. 3 Cir. 03/05/08), 979 So. 2d 597.*
 - (e) *La. Atty. Gen. Op. No. 1978-1007*
 - (ii) Any tax increments derived from incorporated portions of municipality are city property—Article VI of Louisiana Constitution of 1974
 - (iii) Is an improper attempt to expropriate property from city—See *La. R.S. 33:1236*
 - (iv) Inconsistent with other provisions of Chapter 27 of Title 33
 - (a) *La. R.S. 33:9039.101 through 9039.112*
 - (b) *La. R.S. 33:9039.14(E)*

5. Legislative Update

- a. Parties entered into settlement agreement to resolve issue, as well as addressed issue legislatively.
- b. Act 391 of Louisiana Legislature provides that if the governing authority of a municipality proposes to establish a TIF over the boundaries of a parish, it must first obtain written consent from the parish. Similarly, if a parish intends to establish a TIF in the incorporated portions of the City, it must first obtain written consent.
- c. Act 391 also allows a governing authority of a TIF, pursuant to an intergovernmental agreement, to dedicate a portion of the funds collected within the district to an economic development project located outside the district.
- d. Act 536—Allows local governmental subdivisions to enter into joint ventures or cooperative endeavor agreements with TIF districts to utilize all or a portion of tax increments generated within a tax increment area.

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C. City-Parish Right to Sales Tax Issue

- I. Facts
 - a. City proposes sales tax that is approved by electors.
 - b. Taxpayers protest sales tax. City and taxpayers ultimately enter into ten year settlement.
 - c. Immediately prior to expiration of the ten-year period, parish establishes sales tax that potentially infringes on right of city to institute sales tax.
 - d. City reinstates tax, but parish sales tax collector refuses to collect and remit to the city.
 - e. City is in process of issuing bonds to cover needed improvements. As the bonds are being issued through the LCDA, a bond validation suit is brought in EBR to validate the issuance of the bonds, the pledge of the underlying revenues and the legality of the tax.

D. General Obligation Bonds-Negotiated & Private Sale (Act 903)

- I. Act 903 of the 2010 Regular Session of the Louisiana Legislature amends La. R.S. 39:1426(D) to provide that general obligation bonds may be negotiated and sold at private sale in a manner determined by the governing authority of the issuer.
 - a. This changes prior law, which disallowed negotiated and private sale of general obligation bonds

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COMPARISON OF SELECTED MUNICIPAL BONDS

	TAX EXEMPT BONDS	BUILD AMERICA BONDS (DIRECT PAYMENT)	BUILD AMERICA BONDS (TAX CREDIT)	RECOVERY ZONE ECONOMIC DEVELOP. BONDS	QUAL. ENERGY CONSERVATION BONDS
Permitted Issuers	States and all political subdivisions and entities empowered to issue bonds "on behalf of" under Federal tax rules	State and local govt. issuers	State and local govt. issuers	State and local govt. issuers (subject to volume cap)	Same as traditional tax exempt bonds
Eligible Projects	All public purposes permitted by Federal law	Govt. purpose for which tax-exempt bonds may be issued (excluding working capital and private activity bonds)	Govt. purpose for which tax-exempt bonds may be issued—working capital eligible	Qualified economic development purposes, excluding private activity bonds	Capital expenditures for purposes for reducing energy consumption and other energy efficiency matters
Expiration	None	12/31/2010 (may be extended)	12/31/2010 (may be extended)	12/31/2010 (may be extended)	Year of allocation to state—La. allocated approximately \$46 Million for current year
Spending Requirements	Within 6 months of issuance must commence project and complete project within 3 years	Same	Same	Same	Same
Refunding Rules	No restrictions but an issue may only be advance refunded once	Only short-term obligations issued after date of Stimulus bill	Same as traditional tax-exempt bonds	Only short term obligations issued after date of stimulus bill	Not allowed
Term	Useful life of project	Same	Same	Same	Published monthly
Bank Qualified	Yes—up to \$30 Million w/ exceptions	Taxable	Taxable	Taxable	Taxable

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Reimbursement Rules	Any expenditures paid no more than 60 days before official intent and up to 20% of issuance price	Same	Same	Same	See Notice 2009-29 for specific requirements
Tax Credit Rules	N/A	Refundable tax credit provided to issuer equal to 35% interest payable	Bondholders receive a 35% tax credit	Refundable tax credit provided to issuer equal to 45% payable on each interest payment date	Bondholders receive annual tax credits (payable quarterly) equal to 70% of the rate published as of the date of contract

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