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GOVERNOR



PAUL W. RAINWATER
COMMISSIONER OF ADMINISTRATION

State of Louisiana
Division of Administration
Office of the Commissioner

April 6, 2011

Mr. Robert Kurtter, Managing Director
Moody's Investors Service, Inc.
7 World Trade Center
250 Greenwich Street
New York, NY 10007

Dear Mr. Kurtter:

This letter is in response to Moody's comment published on April 4, 2011, regarding the Administration's plan to consolidate housing programs in Louisiana. I take issue with Moody's conclusion that the consolidation should result in a credit negative for LHFA and request a retraction.

It is unprofessional to draw a conclusion without knowing all of the facts. Analysts at the Moody's Corporation never spoke to anyone from the Administration about the proposed improvements to Louisiana's housing agencies. Further, the legislation is not even in final draft form, much less has it been vetted and debated by the legislature. I believe actions like this cross the Rubicon from the role of financial analyst into the realm of politics.

In a conference call with your staff yesterday, we were informed that Moody's wanted to be more relevant and timely on policy matters that could affect states' credit ratings. Moody's conclusion regarding the LHFA legislation apparently was based merely on newspaper articles and a press release, none of which included specific details of the proposal. Just as we take your inquiries and questions very seriously and diligently respond to them, we would expect the same professionalism from Moody's.

Our commitment to maintain the fiscal strength and solvency among Louisiana housing programs and its investors remains at the highest priority. I believe this streamlined approach will strengthen the financial position of our state's housing agency by maintaining strong debt management and oversight, while adding millions of dollars to its portfolio.

At the appropriate time, we welcome the opportunity to discuss the details of the legislation with your staff in order to help Moody's gain a full understanding of our proposal.

Sincerely,

A handwritten signature in blue ink that reads "Paul W. Rainwater".

Paul W. Rainwater
Commissioner of Administration