

# Municipal Analysts

NOVEMBER 2015 VOL 25, NO. 3

## BULLETIN



### LETTER FROM THE CHAIR

Dear Members,

It is hard to believe that this year is nearly over. And with just over a month left, it is a good opportunity to review the NFMA's accomplishments.

In terms of our educational programming, we have held four outstanding conferences with our final, the Introduction to Municipal Bond Credit Analysis, just last week. In January, we met in Houston to discuss America's Urban Agenda, in May we convened in Vegas for the Annual Conference, and just a few weeks ago we spent two days in Nashville discussing pensions. Thank you to the chairs, Dan Berger, Chris Mauro, Ty Schoback, Betsy Hill, Anne Ross, Scott Andreson; the Education Chairs Julie Egan and Mary Francoeur, and the committees who continue to deliver the best conference programming in the industry. Registration is currently open for our January 2016 conference on Higher Education. I hope to see you in Phoenix for that event.

The Disclosure Committee continues to release relevant papers that set the standard for disclosure. Nicole Byrd and Anne Ross and their committee released our State GO RBP, Robert Doty and Gil Southwell released a white paper on conflicts of interest and Geoff Buswick and Lisa Washburn released a paper on Bank Loans as a follow-up to the 2013 industry paper. After the successful partnership with NAST where we provided a webinar to their members on our state GO paper, we created a new framework for marketing our disclosure-related papers designed to bring increased recognition and industry acceptance to our work. We hope to release the charter school RBP by year end, which will be the first test of our new framework. We also commented on the MSRBs draft amendments to Rule A-3. Industry Practices is also working hard on two papers that should be completed by the end of the year. Thank you to everyone who has contributed to these papers.

The Communications Committee under the leadership of Kurt Forsgren has been working hard to update our website. This hasn't been an exercise in moving furniture around or simply painting walls. They have embarked on a full remodel! The committee is looking at making it more intuitive, capitalizing on new technologies and even revamping our logo. Look for the new version soon!

I also want to congratulate the Philadelphia Area Municipal Analysts Society which will become a constituent society of the NFMA on January 1st. Thank you to Tom Kozlik and Steve Winterstein who worked closely with Lisa Washburn and the Membership Committee to bring our newest society on board.

Bill Oliver is completing his third year as our Industry Liaison. With him on board, the NFMA can be represented at numerous conferences and events; far more than was possible previously. A huge debt of gratitude also goes to Lisa Good and Betsy Harkins who truly are the backbone of this organization. And congratulations to Betsy who celebrates 15 years with the NFMA in 2015.

In closing, I want to thank the NFMA Board as well as all our volunteers who have helped make this year so successful. I know I leave the organization in Lisa Washburn's very good hands.

**Thank you for the opportunity to be NFMA chair. *It has been an honor to serve.***

Best regards,

*Jennifer Johnston*



## EDUCATION COMMITTEE

We thank all of you who responded to our survey seeking feedback and guidance into the planning for the annual conference. We learned that people either want to go only to Las Vegas or only to any other place in the United States. While we will likely return periodically to Sin City, many of the other interests expressed in your commentary are already being incorporated into the planning for the 2016 conference in Chicago.

We particularly sought guidance on the multi-day structure for the conference that will be held in 2018. We have determined that we will retain the current schedule of commencing the conference with a Tuesday evening reception, and concluding with panels on Friday morning. We were not necessarily seeking to increase attendance at the conference, but rather encourage participants to stay through Friday's program. What we have determined is that a solid combination of desirable location, ease of access and excellent programming will keep folks in their seats. So...

... planning for the 2016 Annual Conference is well underway, led by co-chairs Scott Andreson and Andrea McKeague. We hope to see you in Chicago May 3-6.

While Chris Mauro, Ty Schoback and I thought we might be going out on a limb with one and a half days dedicated to the implications of public pensions on municipal credit, the strong attendance and lively discussion at the Advanced Seminar last month demonstrated that this continues to be a significant concern for the membership. Chris, Ty and the seminar planning committee did an outstanding job keeping topics discrete and enlisting many outside experts who remained in the audience throughout the seminar. Lois Scott, former Chief Financial Officer for the City of Chicago, gave a compelling and enlightening keynote address, and Nashville offered great food and music to provide some relief from the pretty intensive learning.

Please join us in Phoenix, January 14-15 for the next advanced seminar on Higher Education. Registration has commenced, and we have another excellent group of speakers highlighted by the Keynote address from Michael M. Crow, 16th president of Arizona State University and co-author of "Designing the New American University."

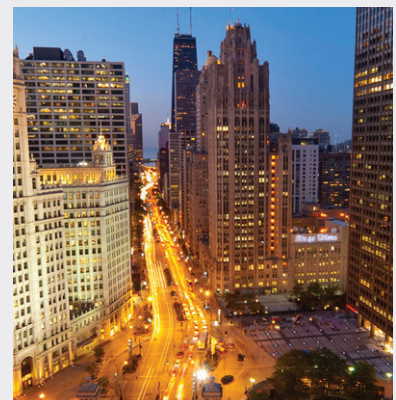
Anne Ross and Betsy Hill once again hosted the Introduction to Municipal Bond Credit Analysis. They continue to improve the program that now includes roundtables on risks to consider and distressed credits. The program was held in Philadelphia November 12-13.

The Education Committee strives to provide the membership with excellent offerings through our conferences and seminars, and we welcome your feedback and ideas. Please contact me at [mfrancoeur@assuredguaranty.com](mailto:mfrancoeur@assuredguaranty.com).

*Mary Francoeur*  
*Education Committee Chair*

## Please join us on Chicago's Magnificent Mile for the 2016 Annual Conference

Planning for NFMA's 33rd Annual Conference is in full swing. We will be in Chicago May 3rd to the 6th at the Westin on Michigan Avenue. Our steering committee, which includes representatives from each NFMA society and most facets of our industry, is bringing in the best speakers to address national topics such as rating discrepancies, sustainable investing, credit impact of falling energy prices, statutory liens, activist judges in Chapter 9, Puerto Rico, etc., as well as plenty of regional focus on Chicago and Illinois. We look forward to some great panels and reconnecting with fellow analysts from across the country.



*Scott Andreson and Andrea McKeague*  
*Annual Conference Co-Chairs*

## Treasurer's Report

**As of 8/30/15, the NFMA's net assets were over \$1.6 million.**

We continue to manage our money conservatively with PNC (checking and savings accounts) and four Vanguard funds (VMMXX, VTSAX, VTIAAX, VBTXX). We last rebalanced in July to achieve our target allocation of 10% Prime Money Market Fund; 35% Total Stock Market Index; 10% Total International Index; and 35% Total Bond Index. We will rebalance once more before year-end.

The Finance Committee members include Lisa Washburn (co-chair) and Julie Egan (co-chair), Jen Johnston, Lisa Good, Kurt Forsgren, Chris Nowakowski, Mary Francoeur, Ann Kibler and Dana Ringer.

The Treasurer guidelines were updated with a new version of the rebalancing spreadsheet (same formulas but easier to use).

The 2016 NFMA budget was created and approved.

Lastly, we will be reviewing all constituent society financials. If you have not already done so, please have your society's treasurer send your reports to me ASAP.

*Julie Egan*  
Treasurer

## Membership Committee

Congratulations to the Philadelphia Area Municipal Analyst Society (PhAMAS), the NFMA's newest constituency society! The society applied to be a member of the NFMA in June and the Board of Governors approved the application at its October board meeting. PhAMAS will become an official member on January 1, 2016. The organization has approximately 30 members and is led by its four officers, Tom Kozlik (president), Ron Mintz (vice-president), Bill Bonawitz (treasurer) and Stephen Winterstein (secretary). We enthusiastically welcome PhAMAS and its members to the NFMA!



*Allison LeMay*

In September, the NFMA awarded its second annual Peter Fugiel Scholarship to two outstanding candidates: Susanne Siebel and Allison LeMay. Susanne is a MPA student at the University of Albany and Allison is a MPA candidate at the University of Indiana at Bloomington. These students receive a scholarship to the NFMA's 2015 Introduction to Municipal Bond Credit Analysis Seminar. Additionally, we recognized three additional applicants with Honorable Mentions: John R. Creedon (Maxwell School of Citizenship and Public Affairs, Syracuse University); Lauren Kesselring (University of Kentucky); and, Ivette Tapia (University of North Carolina at Chapel Hill). The scholarship program was established in memory of former NFMA chair, Peter Fugiel. This annual award is in recognition of Peter's work as both a practitioner of municipal credit analysis, and a professor and educator.



*Susanne Siebel*

*Lisa Washburn*  
Membership Committee Chair

## Communications Committee

The Communications Committee is making progress toward a refresh of our NFMA web site! Our primary objectives are to (1) modernize the site's appearance and improve functionality; (2) improve accessibility of information for members and users including compatibility with mobile devices; (3) reorganize, update and prioritize data to highlight most important and highly used features and also de-emphasize archival or little used information. We've divided into three working groups to focus on Menu Redesign & Content, the Membership Center & Profile, and site's overall Look & Feel with a new color scheme. We have also been exploring a redesigned logo that will never be confused with the National Flea Market Association – several of the logo concepts were test marketed at the Advanced Seminar in Nashville. Stay tuned!

*Kurt Forsgren*  
Communications Committee Chair

## Sponsorship Committee

The NFMA is grateful for its sponsors at all levels for their support, which allows the organization to keep dues levels and registration fees low, while at the same time offering high quality educational programs to its members and the industry at-large. We will begin our efforts for 2016 sponsorship over the coming weeks. If you are interested in helping procure new sponsors on the Sponsorship Committee, please contact Lisa Good at [lgood@nfma.org](mailto:lgood@nfma.org). If you might be interested in joining our sponsors, please contact Lisa for more information.

**In the meantime, a special thanks to our Diamond and Platinum Sponsors for 2015:**

### DIAMOND:

**Arent Fox LLP**

**Assured Guaranty**

**Build America Mutual**

**Creditscope**

by Investortools & Merritt Research Services

**Fitch Ratings**

**Kroll Bond Ratings**

**Mintz Levin**

**Moody's Investors Service**

**National Public Finance Guarantee**

**Standard & Poor's Ratings Services**

### PLATINUM:

**Black Mountain Systems**

**Davis & Ceriani, PC**

**DIVER by Lumesis**

**Lapis Advisers**

**Raymond James**

**S&P Capital IQ**

## DISCLOSURE

The NFMA released its Recommended Best Practices in Disclosure for State Government General Obligation and Appropriation Debt (RBP) on September 10. In addition to providing recommendations for disclosure in official statements and audited financials, the RBP also incorporated guidelines for interim disclosure, which were vetted by analysts and industry representatives, including members of the National Association of State Auditors, Comptrollers and Treasurers. The RBP was produced by the General Obligation Bond RBP Disclosure Subcommittee chaired by Nicole Byrd and Anne Ross. With the completion of the State GO RBP, the subcommittee is now drafting a similar RBP for Local GO disclosure, as well as one for Dedicated Tax disclosure.

The Charter School RBP is in the final home stretch, as it has been approved by the Board and is expected to be released for public comment before year-end.

The Disclosure Committee is also overseeing updates to two other RBPs, Toll Roads and Water and Sewer. Michael Craft and Michael Royce are co-chairing the Toll Road RBP Subcommittee, which they have been organizing and developing. The Water and Sewer RBP committee is currently being formed. If interested, please contact Jason Kissane ([jkissane@assuredguaranty.com](mailto:jkissane@assuredguaranty.com)) or Mark Stockwell ([mstockwell@snwam.com](mailto:mstockwell@snwam.com)).

We look forward to hearing from the NFMA membership about other possible RBP projects or sector white papers.

*Jason Kissane and Mark Stockwell  
Disclosure Committee Chairs*

**The NFMA  
Wishes Everyone  
a Safe  
and Happy  
Holiday Season.**

# CMAS

Chicago Municipal Analysts Society

In June, **CMAS** invited its members to a unique opportunity to tour **Stickney Water Reclamation Plant**, which is part of the Metropolitan Water Reclamation District of Greater Chicago. The Plant is the largest wastewater treatment facility in the world, serving 2.38 million people in a 260 square mile area that includes the central part of Chicago and 43 suburban communities. To top it off, members enjoyed an iconic trolley ride to and from the facility.



In August, CMAS invited its members to our annual summer outing. This year the event was hosted at Arlington Racetrack, and was sponsored by Assured Guaranty. We rented out the International Room that offered sweeping views of the racetrack from an indoor viewing area and also provided access to outdoor seating (as a side note, the room also provided access to convenient betting windows). We had high attendance, and from the feedback we received, we could not have chosen a better event to close out the summer.

In October, CMAS hosted its members for a discussion entitled “**Fiscal Issues –What’s Next for the City of Chicago and State of Illinois.**” The luncheon event was held at Wildfire in downtown Chicago. The featured presenter was Laurence Msall who is the President of The Civic Federation. For those not familiar with The Civic Federation, the Federation is a non-partisan government research organization that diligently works to maximize the quality and cost-effectiveness of government services in the Chicago region and State of Illinois. Mr. Msall’s presentation provided a candid view on the fiscal stress that both the City and State currently face. The event garnered the highest attendance of any event held so far this year.

#### Upcoming events:

- > December 3rd we will host our annual holiday party at Haymarket Pub & Brewery in downtown Chicago.

#### Additional Notifications:

- > We are looking for CMAS members who are interested in serving on the 2016 CMAS Board. Please look-out for an email detailing the application process.

#### The 2015 CMAS Board:

Dana Ringer, Ann Kibler, Gwen Kashmir, Shaun Peters, Kristen DeJong, Bedford Lydon, Jeff Yorg

# BMAF

Boston Municipal Analysts Forum

After hosting our successful annual golf outing in June, and garnering solid representation at the recent NFMA advanced seminar on Municipal Pension Liabilities in Nashville, BMAF has got a fall and holiday line up that combines movers, shakers and power stroke (à la bowling). In November, our membership was invited to the Boston Women in Public Finance’s event featuring LeeAnn Gaunt, SEC Chief, Municipal Securities and Public Pensions Unit. Later this month, BMAF is hosting Massachusetts State Treasurer Deborah B. Goldberg at the newly-relocated UMass Club, who will deliver an address on the agenda in the Treasurer’s Office, highlighting the strategic challenges and opportunities the state faces on fiscal and economic issues. She will focus on themes of fiscal responsibility, investor relations, and transparency. Finally, December will bring our annual bowling event at King’s, as well as the big reveal of the 2016 BMAF Treasurer.

**BMAF President:** Kurt Forsgren,  
[kurt.forsgren@sandp.com](mailto:kurt.forsgren@sandp.com)

**BMAF Vice President:** Michael Taylor,  
[MTaylor@Sentinelinvestments.com](mailto:MTaylor@Sentinelinvestments.com)

**BMAF Treasurer:** Megan Poplowski,  
[mpoplowski@mfs.com](mailto:mpoplowski@mfs.com)

## Industry Practices

A group led by Rich Ciccarone is preparing a white paper about statutory liens. In the wake of prominent defaults and bankruptcies, great scrutiny is being now placed on the legal basis for issuers to honor their debt service obligations. The NFMA believes that guidance on this issue will improve the transparency and efficiency of the municipal market. We expect the paper to be completed by mid- to late-November.

*Susan Dushock and Angela Kukoda*  
Industry Practices Committee Chair

# MAGNY

Municipal Analysts Group of New York

The beginning of the MAGNY season traditionally brings a change in the MAGNY Board. The composition of this year's MAGNY Board is as follows: Sandra Brinkert – MAGNY Chair, Amy Laskey – Treasurer, Betsy Hill – Secretary, Dan Wilson – Membership Chair, Michael Imber – Program Chair, and Kristin Stephens – Immediate Past Chair.

MAGNY kicked off the luncheon program series for the 2015-16 season with a keynote address from former New York Lieutenant Governor Richard Ravitch in September. Mr. Ravitch's discussion, entitled "Around the Muni World in 80 Minutes," covered topics ranging from state budgeting and fiscal sustainability to pension and OPEB liabilities. Mr. Ravitch also offered his perspectives on high profile credits currently preoccupying the market, such as Puerto Rico, Chicago, and Illinois. Among his many accomplishments, Mr. Ravitch was instrumental to New York City's fiscal rescue in the 1970s, advised the court in Detroit's bankruptcy, and served as co-chair of the State Budget Crisis Task Force.

In October, MAGNY refocused its attention on best practices in state budgeting with a panel discussion entitled "The Fiscal High-Wire Act: Balancing State Budgets Without Falling". The panel was moderated by Kil Huh, Senior Director, State and Local Fiscal Health, from the Pew Charitable Trust, and featured State of New York Budget Director Mary Beth Labate along with Dominick Ianno, Chief of Staff and Communications Director, Executive Office for Administration and Finance for the Commonwealth of Massachusetts. The panelists shared their state's approach to enacting structurally balanced budgets and considered challenges in balancing budget priorities amidst revenue volatility as well as strategies for developing and maintaining budget reserves.

The topic of MAGNY's November luncheon is "A Fiscal Bite of the Big Apple: An Overview of New York City's Budget and Economy." Michael Dardia, Co-Research Director of the Citizens Budget Commission, will moderate a panel on November 19th that provides an overview of the economic drivers of the New York City region, recent New York City budget issues, and a discussion of labor contract negotiations and economic development initiatives. New York City Deputy Comptroller Tim Mulligan and Deputy Director of the New York City Independent Budget Office Ronnie Lowenstein are the featured panelists for this event and will comment on the city's future credit outlook.

**MAGNY looks forward to closing out 2015 with the annual holiday party on December 18th. We hope to see many of our members there!**

*Kristin Stephens*

*MAGNY Immediate Past Chair*

# MSMA

Minnesota Society of Municipal Analysts

The Minnesota Chapter held its Summer Social at Fulton Brewery in Minneapolis in July where members were treated to a tour of the brewery, the history of this young start up and a chance to enjoy the fruits of their labor. In September, Tim Blake and Tom Aaron from Moody's gave a seminar on public pensions and the challenges they present to municipalities. In October, Thomas Doe from Municipal Market Analytics spoke at a luncheon discussing MMA's outlook on the changing municipal market landscape. MSMA's next event will be December 10 when we will be hosting our Winter Social at the News Room in downtown Minneapolis from 4-6:30. We held our elections for next year's Board with the following results: President Ty Schoback – Columbia Management; Vice President Jonathan Lynn – Stonebridge Capital Advisors; Treasurer Matt Hilliard – Sit Investment Associates; At-Large Virginia Housum – UMB Bank; At-Large Chad Rice – RBC Global Asset Management.

*Tim Russell*

*MSMA President*



California Society of Municipal Analysts

The CSMA Board has been busy organizing the 2015 Conference in Napa, held on November 4-6, 2015 at the Silverado Resort & Spa in beautiful Napa, California. The California State Treasurer, John Chiang, opened the conference as the keynote speaker. Topics included drought, earthquakes, urban redevelopment, pensions and an update on legislative issues in Sacramento. CSMA once again teamed up the California Debt & Investment Advisory Commission, which organized two panels on lease financing in California for Day 2 of our event. The highlight of the event was dinner and a tour of the wine caves at Pine Ridge Winery.

Our final event of the year will be our annual holiday party. The Northern California event will be held at Town Hall in San Francisco on December 9. Details regarding the Southern California event will be announced shortly.

*Renee Dougherty*

*CSMA Chair*



Southern Municipal Finance Society

In September, SMFS hosted the Public Finance & Environmental Sustainability Conference at the UNC Environmental Finance Center in Chapel Hill, North Carolina.

The two-day event brought over 60 participants together, including municipal analysts, government officials, and graduate students from both Duke and UNC, to discuss the convergence of public finance and sustainability.

Some of the topics covered included EPA consent decrees, green bonds, and water supply. Those in attendance were exposed to some great analyses from bankers, investment professionals, and rating analysts, as well as getting some interesting point of views from government entities.

Our speaker lineup was headlined by Lonnie N. Carter, President and CEO of Santee Cooper. His speech focused on the outlook of the utility sector and the evolving regulation landscape that encompasses the sector. He also discussed what Santee Cooper is doing today to become more sustainable, while demand increases in its service area.

**Finally, thank you to the planning committee that made this event possible:**

Cem Baloglu

Ted Damutz

Jason Diefenthaler

Julie Egan

Angela Kukoda

Adebola Kushimo

Alicia Stephens

Reid Tomlin

Barbara Vanscoy



**On a side note, congratulations to the 2016 SMFS officers:**

President - **Angela Kukoda**

Treasurer - **Dennis Whittaker**

Secretary - **Emmanuelle Lawrence**

Membership - **Ann Earley**

Education Co-chairs - **Adebola Kushimo** and **Ted Damutz**

*Barbara Vanscoy*

*SMFS President*



# Message from the NFMA Staff

First, please join me in thanking Betsy Harkins for 15 years' service to the NFMA! While Betsy is often behind the scenes, please know that much of what is accomplished by the NFMA is due to her efforts. Betsy is on the front lines of processing new membership applications and welcoming all new members. She also works to facilitate registration for everyone who attends any of our meetings throughout the year, overseeing all of the details that we all take for granted, including greeting each registrant and answering questions at registration. Among her other myriad duties, Betsy accounts for all receipts accruing to the NFMA on a monthly basis – every transaction is reviewed and coded, accounted for and reported to our accountants. Thank you Betsy!

## The Significance of the Fugiel Scholarship

I have a gratifying job. It has been a pleasure to watch the NFMA grow from an organization with a few thousand dollars in the bank to one that we are working to make sustainable for future generations of municipal analysts (see the Treasurer's Report). It goes without saying that our RBPs and white papers present a perspective that only we can offer and continue to grow in importance to the industry. But today, if I look back, the most satisfying initiative for me personally is the Fugiel Scholarship. **Why is this important?**

- > First of all, it honors Peter Fugiel, the NFMA's third chair, when the infrastructure of the organization was being established with very little in the way of financial means. In 1987, Peter developed the Introduction to Municipal Bond Credit Analysis and taught the first several years with Sylvan Feldstein and Bob Froehlich as co-faculty. This was a marathon endeavor, as you might imagine. The recently completed Intro Course marks our 29th year of offering training to those new to the field of municipal analysis, those who are seeking to improve or expand their skills in different sectors, and those who are sales, trading or support staff. Even conservatively speaking, the number of professionals we have trained over this period totals at least 2,000.
- > This initiative also puts the NFMA on the map with an increasing number of graduate programs. In the two years we have offered this scholarship, we have drawn applicants from fifteen distinct programs. The list is impressive:

- |   |                           |
|---|---------------------------|
| ■ University of Arkansas                  | ■ University of Minnesota |
| ■ Northeastern                            | ■ SUNY Albany             |
| ■ UC Davis                                | ■ Indiana Bloomington     |
| ■ University of Chicago (Masters and PhD) | ■ Maxwell/Syracuse        |
| ■ NYU                                     | ■ University of Kentucky  |
| ■ UNC at Chapel Hill                      | ■ University of Nebraska  |
| ■ Brigham Young                           | ■ Harvard                 |

- > As more and more Fugiel Scholars and Honorable Mention candidates go out into the work force over time with this honor on their resumes, more and more employers will recognize the NFMA. This is harder to quantify, but intrinsically worthwhile.

**Congratulations to our 2015 Fugiel Scholars, *Susanne Seibel* (SUNY Albany) and *Allison LeMay* (Indiana Bloomington).**

***Lisa Good***  
**NFMA Executive Director**

## NFMA CALENDAR

**December 3 –**  
CMAS Holiday Party

**December 9 –**  
CSMA Holiday Party - Northern California

**December 10 –**  
MSMA Winter Social

**December 18 –**  
MAGNY Holiday Party

**January 14 & 15, 2016 –**  
NFMA Advanced Seminar on Education, Arizona Biltmore, Phoenix, AZ. Click here to view the Program. Click here to register: Online registration

**May 3-6, 2016 –**  
NFMA 33rd Annual Conference, Westin Michigan Avenue, Chicago, IL

**May 16 – 19, 2017 –**  
NFMA 34th Annual Conference, Mandarin Oriental, Washington, DC

## NFMA

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