

Municipal Analysts

BULLETIN

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LETTER FROM THE CHAIRMAN Gerry Lian

Dear NFMA Member,

I have just returned from a meeting with the Executive Committee of the National Association of State Auditors, Comptrollers and Treasurers ("NASACT") in Biloxi, MS. NASACT is composed of roughly 175 leading public finance officers from all 50 States, has been actively supporting the Muni Council and this past year issued a recommendation to all public finance officials calling for quarterly financial disclosure on a voluntary basis. To promote improved disclosure, NASACT is a highly important and influential organization and represents a valuable strategic partner. NASACT has agreed to serve in an advisory capacity on the NFMA Web Committee to further development of our National Gateway. NASACT is also keenly interested in co-sponsoring educational seminars with the NFMA and partnering in other ways to advance better disclosure. In the months ahead, it is my strong belief that the NFMA should take additional concrete steps to develop an alliance with NASACT and to strengthen our working relationship by exploring other areas of common interest.

As we approach year end, it is useful to take inventory of what the NFMA has recently accomplished and what key projects are pending. Over the past several months the NFMA has achieved several important objectives:

- **Strategic Planning:** As the result of recommendations by the NFMA Strategic Planning Committee made last March, the NFMA Board formally amended our mission statement to include advocacy as a key organizational goal and objective. Given the wide range of initiatives and activities in which the NFMA is now continuously engaged, this modification is entirely appropriate.
- **NFMA Best Practices Outreach:** In an effort to promote wider use of NFMA Recommended Best Practices in Disclosure ("RBP documents"), paperbound copies of the NFMA Recommended Best Practices in Disclosure were printed and distributed to the governing bodies of leading industry groups including the SEC, the MSRB, the Muni Council, NABL, TBMA, GFOA, NASACT and NAIPFA. Copies are available to NFMA members at a reduced price of \$19.95.
- **Operating Data:** To promote better secondary market disclosure, particularly with respect to operating data for Rule 15c2-12 reports, the Disclosure Committee completed sector specific Recommended Guidelines on Operating Data which are included as appendices to RBP documents and are also available for download as Excel templates free of charge to all interested parties.
- **CPO Initiative:** The NFMA worked closely with the Muni Council to improve dissemination mechanics via launch of a new centralized collection hub for Rule 15c2-12 reports known as the Central Post Office or simply the CPO. While issuer use and compliance is voluntary at present, it is strongly believed that use of the CPO will ultimately be made mandatory to ensure that NRMSIR databases are uniform, consistent and complete.
- **NFMA Position Papers:** Several NFMA Position Papers were developed over the past 12 months on important topics such as Lease Recharacterization, IRS Circular 230 and perhaps most importantly NFMA endorsement of NASACT's Voluntary Interim Disclosure recommendation.

There remain, however, several important but unfinished initiatives that need to be addressed going forward. To complete these undertakings, the NFMA Board needs volunteers to push these projects forward to completion. Anyone interested in volunteering has an assortment of different projects and committees to join. Set forth below is a brief summary of projects that are pending:

- **NFMA National Gateway:** The NFMA Web Committee is engaged in an ambitious project to add a National Gateway to the NFMA web site. The purpose is threefold: (i) to provide analysts with convenient access to the web sites of all issuers of municipal securities; (ii) to showcase leading web sites that provide exemplary disclosure of financial information and operating data; (iii) to offer municipal issuers a highly efficient and inexpensive distribution channel targeted directly at the analytical community.
- **Disclosure Committee:** The NFMA Disclosure Committee is in the process of forming a new committee to prepare Recommended Best Practices in Disseminating Information. Topics to be covered include: release and distribution of preliminary official statements, release and distribution of Rule 15c2-12 reports, including the use of the new CPO, making provision for ongoing disclosure distribution to pricing services, recommended guidelines on posting financial information on municipal web sites.
- **Securities Law White Paper:** Under the auspices of the NFMA Industry Practices Committee, we have retained nationally prominent legal counsel to formulate a White Paper that carefully analyzes the application of federal securities law to the municipal market. The ultimate goal is to remove impediments that inhibit the flow of investment information to the marketplace.
- **Model Covenants for Hospital Bonds:** A special task force headed up by Tom Weyl and Rob Yolland is in the process of drafting language for model covenants for hospital bonds. This task force has been active for the past two years and expects to distribute a draft document for internal committee review shortly.

I invite all members to get involved with these and other important projects. We need volunteers in all the foregoing areas as well as our standing committees. The ultimate strength and success of the NFMA depends upon your involvement. Feel free to contact Lisa Good, any Board member or me to voice concerns or to volunteer your services. My telephone number is (212) 762-8479 or simply direct e-mail to gerard.lian@morganstanley.com.

Our next Advanced Seminar on Tax-Supported Debt will be held Jan. 13-14, 2005 at Disney's Grand Floridian Hotel & Spa in Orlando, Florida, and promises to be highly informative. *We hope to see you there.*

BMAF

Boston Municipal Analysts Forum

After a summer hiatus, the Boston Municipal Analysts Forum re-convened on October 28th to hear Steve Renn of AMBAC speak on trends security and business covenants in hospital revenue bond deals. It was a very thoughtful and relevant presentation. We had good turnout with buy-side hospital analysts from all the major firms attending. On Thursday November 11th, we addressed another topic of interest to higher yield buyers: "Trends in the Tax Exempt Hotel Sector", presented by banker Robert Swerdling of Piper Jaffray. And to round out the year, on December 1st BMAF and Assured Guaranty will jointly sponsor our first annual BMAF bowl-a-rama at King's bowling lanes in Boston's Back Bay. In total, BMAF will have sponsored six speaking events and two social outings in 2004. Special thanks to BMAF vice-chairman Paul Flynn and BMAF treasurer Phil Shapiro, as well as all the speakers, for their hard work.

Greg Aikman
2004 BMAF Chair

SMFS

Southern Municipal Finance Society

On November 9th, the Southern Municipal Finance Society hosted a luncheon event in Tampa with two speakers, Jack Norton and Ron Shuck. The discussion covered the CCRC market and recent accounting changes. Many thanks go to Carolyn Nees for organizing the event and to XL Capital for underwriting the cost of our lunches this year.

In July, we had a presentation and tour relating to the expansion of the St. Louis airport organized by Mark Clayton and featuring the airport director, Leonard Griggs, Jr.

Plans are underway for additional events throughout our region, in Charlotte and Austin, in particular. Please contact the program chairs for the event if you have any ideas. They are Keith Lowe (Charlotte) and Mark Clayton (Austin). If any SMFS member would like to develop a program for early 2005, please give me a call.

Don't forget to renew your national and affiliate memberships. You can now pay through the NFMA using your credit card. If you need an application – you can find it at nfma.org.

We are always interested in hearing from SMFS members and affiliates in the region about how we could make a difference in your professional development. Please call me at 214-871-1406 with suggestions.

Alex Fraser

MAGNY

Municipal Analysts Group of New York

The Municipal Analysts Group of New York inaugurated its 2004-2005 season in September with a presentation by J. Ben Watkins III, Director of Florida's Division of Bond Finance. Ben addressed Florida's fiscal outlook and debt calendar and hurricane recovery efforts.

In October, our speakers were Patrick J. McCoy, Director of Finance of the

Metropolitan Transit Authority, and Maria Matesanz, Senior Vice President at Moody's. Pat and Maria discussed the MTA's upcoming capital program and trends in transit system funding.

November's program featured Jeffrey S. Stearns, Deputy Treasurer of Massachusetts, who gave an update on the Commonwealth's credit and addressed the school bonding program.

Friday, December 3 is the date of MAGNY's famous Holiday Party, to be held again this year at the DownTown Association, 60 Pine Street. We invite all NFMA members who may be in New York at that time to our Holiday Party and to all other MAGNY events.

Rich Raphael, MAGNY Chairman
Gregory Clark, Past MAGNY Chairman

DISCLOSURE COMMITTEE

The NFMA Disclosure Committee is pleased to announce the imminent release of two more “Best Practices” papers, and a white paper on disclosure, for public comment. The Recommended Best Practices in Disclosure for the Toll Roads Sector, under the leadership of Ann Ferentino, Federated Investors, and William Streeter, FitchRatings, will be posted to the NFMA website over the next couple of weeks. The Recommended Best Practices in Disclosure for the Water/Sewer Sector, chaired by Mary Francoeur, FGIC, and a White Paper on Disclosure for Project Finance Transactions, authored by a committee led by Tom McLoughlin, MBIA, and Doug Nelson. George K. Baum, should be completed by the end of the year. The public comment period, which runs for approximately 90 days, provides an opportunity for all interested parties to review the papers and submit their thoughts and comments to the respective committees. All comments may be forwarded directly to Lisa Good. ***We encourage all NFMA members to read the papers when they are released and send your remarks to Lisa for consideration.***

Also, we call to your attention the *Top 25 Reasons to Disclose Information*, which is posted on the NFMA website. This paper discusses the benefits to issuers to practice good disclosure. Analysts may forward the paper to borrowers when the latter group questions why they should release more information.

Chuck Emrich and Marie Pisecki
Chairs, Disclosure Committee
Elizabeth Hill and Susan Dushock
Co-Coordinator, Secondary Market Disclosure



California Society of Municipal Analysts

The California Society of Municipal Analysts held a luncheon seminar on the Future of Infrastructure in the Bay Area, on October 28th at the Banker's Club in San Francisco. Therese McMillan, Deputy Director of Policy at the Metropolitan Transportation Commission, was our luncheon speaker. The lunch was well attended and very well received. This year we have experimented with different formats for educational sessions, including lunches and half-day conferences, which seem to be doing well in terms of attracting members and accommodating everyone's busy schedule. We are continuing to solicit input from our membership as to ideas and favored formats for educational sessions next year. In the meantime, our next event will be a post-new-year cocktail party at Palomino's in San Francisco in mid-January. We look forward to seeing everyone in 2005!

Lisa Zuckerman

2005 Annual Conference in New Orleans

Howard Mischel and Joe Rosenblum are co-chairing the **22nd Annual Conference in New Orleans, April 27 – 30**. The site of next year's conference is the Wyndham New Orleans at Canal Place, which is the same location (different name) as the 1997 conference, and the timing is once again around JazzFest.

The Conference Committee has set a preliminary program, which they expect to release in mid-January. New to next year's conference will be a Health Care track during the break-out sessions on Thursday, April 29. Three separate panels – all dealing with health care issues – will be presented sequentially for interested conference registrants.

If you have any questions about the conference, please contact Lisa Good at lgood@nfma.org.





EDUCATION COMMITTEE

The next scheduled NFMA Education Committee event will be the Advanced Seminar on Tax-Backed Debt in Orlando, Florida on Thursday and Friday, January 13th and 14th. The seminar will include a state and local fiscal outlook from Don Boyd of the Rockefeller Institute and others, panels on lease finance, dedicated tax securities, deficit finance, use of swaps by tax-backed issuers and unfunded benefit liabilities. The room block at the Grand Floridian will close in about two weeks, so please look at the program online at: www.nfma.org/events.

In October, the NFMA held its fall Advanced Seminar on Education and Not-for-Profits in Washington, D.C. There was a high level of give-and-take among the 80 participants on charter schools, higher education, student housing, non-traditional not-for-profits along with detailed case studies on workouts in a few of these sectors.

The Introduction to Municipal Bond Credit Analysis, chaired by Anne Ross in Philadelphia on November 4th and 5th, drew the second largest attendance ever.

As always, we encourage you to get involved! Please share your ideas for future seminars, volunteer to plan a conference or panel, moderate or speak on a panel. Contact either Judi Harvey at judith.harvey@aexp.com or Natalie Cohen at ncohen@fsa.com.

Natalie Cohen of FSA and Judi Harvey of American Express, Co-Chairs

INTRODUCTION COURSE

The Introduction to Municipal Bond Credit Analysis was well attended with 76 registrants. The presentations were informative and the audience asked considerable numbers of questions. The luncheon presentation regarding informational resources was well received. The cocktail party was enjoyable as well as informative and despite the rain the attendees found their way around the city for dinner and entertainment. They mostly all managed to return for the Friday presentations.

Great thanks to Lisa Good who laid the groundwork for a smooth two days at the seminar hotel.

*Anne G. Ross
Intro Course Chair*

CMAS

Chicago Municipal Analysts Society

The Chicago Municipal Analysts Society successfully held its annual Board of Directors seminar in early October at the University of Chicago's Gleacher Center. The day's events included presentation panels on airports, tax districts and the water & sewer sector. Speakers at the seminar included Peter Stettler of Fitch Ratings, North Jerseld of Loop Capital, Robert Kunze with the City of Chicago, Peter Raphael of William Blair, Richard Klawiter of Piper Rudnick, Edward Damutz with Moody's Investors Service, Richard Rice with the City of Chicago Department of Water Management, and Jack Farnan with the Metropolitan Water District of Chicago. Earlier, our summer event included an architectural boat tour of the City from the Chicago River. Our November meeting focused on "Natural Disaster Risk and the Municipal Market" with speakers Chris Mier with Loop Capital, Chris Chafizadeh with MBIA, Mike Kobs with Allstate Insurance and Ben Watkins with the State of Florida. We finish the year on December 3 with our Annual Meeting and Holiday Party.

Brian Winters

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2005 sponsorship opportunities are available. Contact Lisa Good at lgood@nfma.org for more information



The Minnesota Society of Municipal Analysts has had a very successful year with some very interesting programs. Since May, we have had two more events, with another planned for the beginning of December. In June, we joined with S&P's Christopher Moriarty and Sarah Eubanks to host a Multi Family Housing workshop. This was a very interesting presentation by S&P in a format that provoked very positive feedback. We plan to host further workshops similar to this in the future. Then on October 26th we took a ride on Minneapolis' new light rail line. We were fortunate to have as our featured speaker Mark Fuhrman, Deputy Director of Metro Transit. He addressed the how our first light rail line came to be, the financing of such and future plans for expansion.

Our next luncheon is planned for December, featuring Tom Doe from Municipal Market Advisors who plans to speak to us about water systems, and the potential for water shortages. We are encouraging our members to attend and to bring a guest that may be interested in joining the MSRB and the NFMA. This year has gone very well, as we were able to host some interesting luncheon topics and seminars.

At our meeting in December, The MSMA membership will be holding elections for the 2005 MSMA Board. The nominating committee is putting forward the following slate.

President: Thor Raarup - RBC Dain Rauscher

Vice-President: Ken Kauffman - US Bancorp Asset Management

Secretary/Treasurer: Paul Jungquist - Sit Investment Associates

At Large: Steve Eldredge - Voyageur Asset Management

At Large: David Statham- Wells Capital Management

Thor Raarup and Ken Kauffman will also serve on the National Federation of Municipal Analysts Board of Governors as representatives from the MSMA.

Heidi L Hukriede
President

NFMA CALENDAR

January 12, 2005 –

NFMA Board of Governors Meeting,
Disney's Grand Floridian Resort & Spa,
Orlando, FL

January 13-14, 2005 –

NFMA Advanced Seminar on Tax-
Backed Debt, Disney's Grand Floridian
Resort & Spa, Orlando, FL

April 27-29, 2005 –

NFMA 22nd Annual Conference,
Wyndham Canal Place, New Orleans, LA

May 3-5, 2006 –

NFMA 23rd Annual Conference, Loews
Santa Monica Beach Hotel,
Santa Monica, CA

May 16-18, 2007 –

NFMA 24th Annual Conference, Four
Seasons Hotel, Las Vegas, NV

NFMA

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