

Municipal Analysts

BULLETIN

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LETTER FROM THE CHAIRMAN

As our 25th year comes to a close, I want to thank everyone who volunteered in any capacity over the year. As a volunteer organization, the NFMA would not be what it is today without the contribution of your time and effort. I want to call attention to all of the Board members, Executive Committee members, and officers, and in particular, to our employees, Lisa Good and Betsy Harkins. As I have stated before, Lisa is the backbone of the NFMA and without her dedication, the NFMA would not be what it is today. I also want to thank Tom Weyl, our past chair, for his willingness to assist with special projects, speak to the press on behalf of the NFMA, his tenacity in attacking the issues, and for his sage advice on many issues. Tom's presence will be missed as he steps off the Board.

The Education Committee put together an excellent "Current Events" Advanced Seminar in October in Memphis and the agenda for the Health Care Advanced Seminar to take place January 15 & 16 at the Grand Floridian in Orlando looks very strong. If you haven't signed up for the Health Care seminar, please do so. The 26th Annual Conference will be in Seattle on May 5th to 8th, 2009. Lisa Washburn agreed to chair the event for a third year in a row with Mark Stockwell serving as co-chair. If last year's Annual Conference is an indication of the quality of the program, you are all in for a treat at this year's Annual Conference. I look forward to both upcoming events.

The NFMA has several projects underway including updating three recommended best practice papers on disclosure. The topics covered are: Land Secured, Hospitals and Housing. We are in the process of revamping our web site thanks to the efforts of Jeff Burger and Ted Damutz. Since our last Bulletin, we authored a few letters, one to Barney Frank on Global Rating Scale legislation, to the SEC supporting the MSRB sponsored Muni EMMA system and to GASB on fund balance reporting. Our members have spoken at a number of industry conferences, and we volunteered to speak at a House of Representatives hearing regarding municipal disclosure (the hearing was later canceled). The online training project on CCRC's continues to progress, and we are excited about the potential for this type of training.

I want to thank all those who ran for an officer position within the NFMA or offered to serve on the Board through an affiliate position or an at large position. The elections this year were very competitive. I would like to congratulate the elected officers and other elected Board members for 2009. They are:

Bill Hogan – Chair

Chuck Emrich – Vice Chair

Mark Stockwell – Secretary

Greg Clark – Treasurer

Other newly or re-elected Board members include:

Affiliate members – Mary Kay Sells

At-Large members – Greg Aikman, David Belton, Mary Colby, Ted Damutz, and Susan Dushock. Alternate – Anne Ross.

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I want to thank everyone who applied for these positions, and would encourage anyone who ran for a position and was not selected to continue to look for ways to volunteer and be involved. It is the commitment of the officers, Board members and each of the members' time and efforts that help the NFMA carry the influence in the market we currently enjoy.

Thank you all for making the NFMA what it is today. The NFMA recognizes this is a difficult year, marked by extreme market volatility across all financial markets, and the municipal market has not been left unscathed. We have seen mergers, acquisitions, closures, bankruptcies and, unfortunately, news of additional downsizing and reorganizations persist. Although we don't know what the future holds, the NFMA continues to look for ways that we can help those that have lost jobs or are otherwise in transition. It also might be helpful to remind people of the job bank on the NFMA web site and also direct people to the constituent societies, as some have job banks as well.

Rob Yolland



The tone at MAGNY beginning in the Fall has been directly correlated with the volatility that is taking place in the markets. Members are very focused on the macro drivers of the outcomes they are seeing in the credits they follow. We started our lunches for the year with the Senior Economist from Goldman Sachs. We followed with a market based panel from MMA, a broker dealer, and MIAC Assurance who is a new entrant in the sector. We decided to focus more narrowly for our next lunch and we had Paul Williams of the Dormitory Authority speak to us. What was wonderful about that particular experience was that many of our members asked questions, and Paul Williams was gracious enough to allow us to have a very interactive and extended Q&A session.

On December 19, we host the annual MAGNY Holiday Party. Due to the good attendance at our lunches, we are able to offer the lunch free of charge. We have also put to work a generous donation from Assured Guaranty to defray part of the cost of the lunch.

We are actively soliciting ideas for our six remaining lunches for the year. All ideas are welcome. We intend to focus a session on transportation and on health care. We will also attempt to invite new to-be-seated officials at the federal and state levels who may have something to enlighten us with from their new activities. It has been clear that the incoming Obama administration has an infrastructure focus. We need to hear how this will be implemented and whether Municipal Finance will participate in the desired outcomes.

MAGNY is still without a Program Chair this year, but we appear to be completing the job with good cheer. Choosing who will be Program Chair next year will be a focus for the MAGNY Board in the remaining months of the year.

We also are quite aware that many of our members have been affected directly by the malaise in the financial sector. Financial centers around the country are bracing for the prospects of further reductions. MAGNY does post job listings free of charge to member organizations. Any other organization that may desire to post a listing may do so at nominal charge. Other suggestions for assisting our members are welcome.

We wish everyone a peaceful and safe Holiday! Let's all do some good works for the less fortunate. We who are focused on the public sector still see the value in doing good in many ways.

We also look to assisting Lisa Washburn and others who are working on the NFMA Annual Conference. There are many topics this year that merit attention at the conference and we trust with input from our membership the conference will once again be informative and timely.

John Hallacy

BMAF

Boston Municipal Analysts Forum

The BMAF held its annual summer gathering this year at the Harpoon Brewery in Boston. Members imbibed delicious suds, feasted on mountains of barbeque and other culinary treats, and generally reveled in merriment.

Due to the financial crisis and deliberation on the TARP legislation, Congressman Frank postponed his early October meeting with the BMAF. We are working with his staff to find another date.

In November, Rich Moche and Bill Kannel of Mintz Levin hosted a talk on the timely subject of municipal bankruptcy. Given the increasing fiscal stress municipalities are facing and the Jefferson County and Vallejo situations, members found this talk very valuable.

Finally, the annual BMAF Holiday Bowling Party will be held on Wednesday, December 17, from 5:30-7:30 at Kings in Boston. Once again, we are grateful and appreciative of Assured Guaranty's sponsorship.

Jeffrey B. Burger

DISCLOSURE COMMITTEE

On Friday, November 7, GASB held a User Forum in New York regarding issuer reporting of service efforts and accomplishments (SEA). GASB continues to deliberate SEA, which would entail voluntary reporting of issuer data on "outputs" such as school dropout rates and perceived quality of parks and recreation. NFMA has previously voiced our opposition to this initiative because we feel strongly that GASB should not stray from its primary role of addressing consistent treatment of financial transactions. A representative of NFMA's Disclosure Committee attended the November 7 User Forum as an observer; testimony was received from GASAC and other interested parties.

During the two-day GASAC meeting that also occurred last month, discussions continued on fund balance reporting, post employment benefits, and public/private partnerships. Chapter 9 accounting has been added to the technical agenda for the March 2009 GASAC meeting, and a prioritization of pronouncements eligible for review will also be discussed at that time.

Greg Clark, Co-Chair, Disclosure Committee

Anne Ross, NFMA representative to GASAC



California Society of Municipal Analysts

The California society had a very successful half-day conference this summer. The event began with a focus on California issues; our luncheon speaker was the Executive Director of the California State Association of Counties, who was followed by a panel discussing California water supply challenges. Next on the agenda was a panel providing us with a beginners guide to Credit Default Swaps. Rounding out the day was a discussion by representatives of the three rating agencies of their individual approaches to global scale ratings. The wine tasting reception which followed was a welcome forum to discuss what we'd learned that day. We are now looking forward to our holiday party in December. Best wishes to all NFMA members for a good Holiday Season and a Happy New Year!

Dari Barzel



Web Site

The NFMA Web Site committee has been meeting since June formulating and implementing plans for a comprehensive web site redesign. We are very excited for what we hope will be a visually appealing, easily navigated, and resourceful web site. Many thanks go out to Bob Vincent of eMuni, our longstanding webmaster, for his invaluable service to the NFMA! Additional thanks to Lisa Good for her ongoing efforts on this important front. We hope to launch the new web site soon after the New Year.

Jeffrey Burger and Ted Damutz

MSMA

Minnesota Society of Municipal Analysts

The Minnesota Society of Municipal Analysts (MSMA) has elected the following to its Board for 2009.

- **President:** *Johan Akesson of Thrivent Financial*
- **Vice President:** *Andrew Clark of FAF Advisors Inc.*
- **Secretary/Treasurer:** *Todd Emerson of Sit Investment Associates*
- **At-Large:** *Judi Harvey of George K. Baum and Company*

On October 28th the MSMA held a luncheon seminar that featured Naomi Richman of Moody's Investors Service. Naomi discussed in detail the (recently put on hold) Municipal Ratings Recalibration to the Corporate Scale. A spirited question and answer session followed. Special thanks go to Naomi for visiting us in a extremely turbulent and uncertain market environment and for a great presentation. Also thanks to FAF Advisors Inc. for providing us with the luncheon space. The event was well attended.

MSMA is holding an annual seasonal holiday celebration on December 16th at The Local located on the Nicollet Mall. Drinks and hors d'oeuvres will be served. The Board is looking forward to seeing everyone.

Programming for the year is in the works; preliminary plans for 2009 include new Minnesota Gopher Football and Minnesota Twins baseball stadium site tours and luncheons/panel discussions on Higher Education and Public-Private Partnerships.

As always, if MSMA members have topics they would like presented, please feel free to contact any board member.

On a personal note, it was a very rewarding experience serving on the MSMA/NFMA board the past several years. **Thank You.**

David Statham

Treasurer's Report

The NFMA has been able to maintain its strong financial position so far in 2008. We have been able to build a firm financial foundation due to the contributions from our sponsors and their continued participation despite the impact of market turbulence in the last year. Measures taken by the NFMA over the past years have also contributed to our financial position. Using adopted budget procedures and investment policies, the NFMA has been working to adapt to changing market conditions.

The adopted 2009 NFMA budget, which was approved at the October NFMA Board meeting, includes two fee increases. Annual NFMA dues (which excludes society dues) for 2009 are now \$100, an increase of \$20 per year. The registration fees for the annual conference have been increased by \$25 for NFMA members and \$50 for non-members. The NFMA Board believes that the fee increase will help keep the NFMA on firm financial footing.

We would like to thank all of our sponsors and NFMA members for their support!

Mark Stockwell

CMAS

Chicago Municipal Analysts Society

CMAS held several meetings this Fall covering a wide range of topics. In September, we offered two events: the Global Rating Scale from a Buyer's Perspective, featuring Richard Ciccarone, McDonnell Investment Management, Paul Brennan, Nuveen Investments, Robert Zubak, Allstate, and Terry Trim, Nuveen Investments; and Globalization in the Midwest, presented by author Richard Longworth. In November, we offered a topic on Current Developments in the Aviation Industry and P-3 Financings, presented by Dr. Joseph Schweiterman, DePaul University/Chaddick Institute, and Bart Oosterveld, Moody's.

CMAS finished the year with our annual holiday party on December 11th at Roy's. Elections for the 2009 CMAS Board were held and the members will be announced in the February Bulletin.

Helen Samuelson

SPONSORSHIP

The Sponsorship Committee has already begun its quest for support of our 2009 event calendar. As everyone knows, the number of firms we can approach continues to dwindle. As your firms prepare their budgets for next year, please have them reserve a spot for the NFMA. We have already secured promises from several firms, including Standard & Poor's, Assured Guaranty and Barclays (formerly Lehman). If you have any ideas or would like to help us secure the funds we need for successful, professional events, let us know. Thanks to Lisa Good and Julie Egan for their tireless efforts in this regard.

Susan Dushock



EDUCATION COMMITTEE

Led by Joe Rosenblum, the Education Committee has put together a great program for the Advanced Seminar on Health Care to be presented at the Grand Floridian Hotel in Orlando on January 15 & 16, 2009. Topics discussed will include new initiatives from the Federal Government; the current debt market; a hospital turnaround case study; and several others. The full agenda is available on the NFMA website. See you there.

Thanks to those who attended and presented at the Advanced Seminar on Current Events held at the Peabody Hotel in Memphis October 16 & 17. The discussions covered all variety of current market events and disruptions that have dominated the industry this year. Also, the NFMA once again hosted the Introduction to Municipal Bond Credit Analysis program in Philadelphia. Thanks once again to Anne Ross for chairing this annual event.

The education committee always needs volunteers to serve during the planning stage of our seminars and good ideas are always welcome. The dates, locations, and topics of the next two seminars have not been set so this is a great time to get involved. Please feel free to contact us directly or through Lisa Good.

Alex Fraser and Jeffrey Burger

Membership Directory

As discussed in the Web Site committee report, the NFMA web site – and directory – will undergo some major changes over the next couple of months. However, in its current form, members are still able to perform searches for individuals by name, by city, state, company, specialty, etc., and to print out the most current directory, either in full, or by society. The system also permits you to add your own photo, change your password and update contact information. Many members are not taking advantage of existing features. The data base is only as good as we make it. You are welcome to contact Lisa Good or Betsy Harkins (412-341-4898, lgood@nfma.org, or bharkins@nfma.org, respectively) at any time, and we will walk you through any difficulties, or find the answer for you. To continue to receive news from the NFMA, please make certain that lgood@nfma.org is in your address book.

Lisa Good

SMFS

Southern Municipal Finance Society

Another year has flown by for the Southern Municipal Finance Society (SMFS), and as all of us are fully aware this has been like no other. Happy holidays to all and best wishes to those feeling the downturn more than others. If we can help, please feel free to contact any board member.

We sadly bid farewell to Susan Dushock who is now working for Columbia in Boston; she will be greatly missed. We now have two eager volunteers to take the reins of the education committee. Thank you Dennis Whittaker and Barbara Van Scoy, and congratulations.

We have retained counsel to rework our articles of incorporation and bylaws. The changes will be mailed shortly for membership review and vote.

Plans are in the works for several luncheon meetings for 2009 after our successful Energy Conference this past Spring. Dennis has presented a few ideas for educational topics. The first would focus on endowment and pension managers and how the fallout of the market affects their ability to budget and would be sometime in the first quarter of 2009. The second idea would focus on portfolio managers, how they are navigating through this difficult market and what type of due diligence they require. That luncheon should be before the end of 2009. Barbara would like to put something together for the first quarter next year with a focus on environmental and green bonds and discuss bond deals that support that endeavor.

Finally, we have received applications for two open board positions and hope to announce the new board members by year end.

As always we are open to ideas and always welcome any volunteers to serve on any committees. **Thank you for your support.**

All the best,

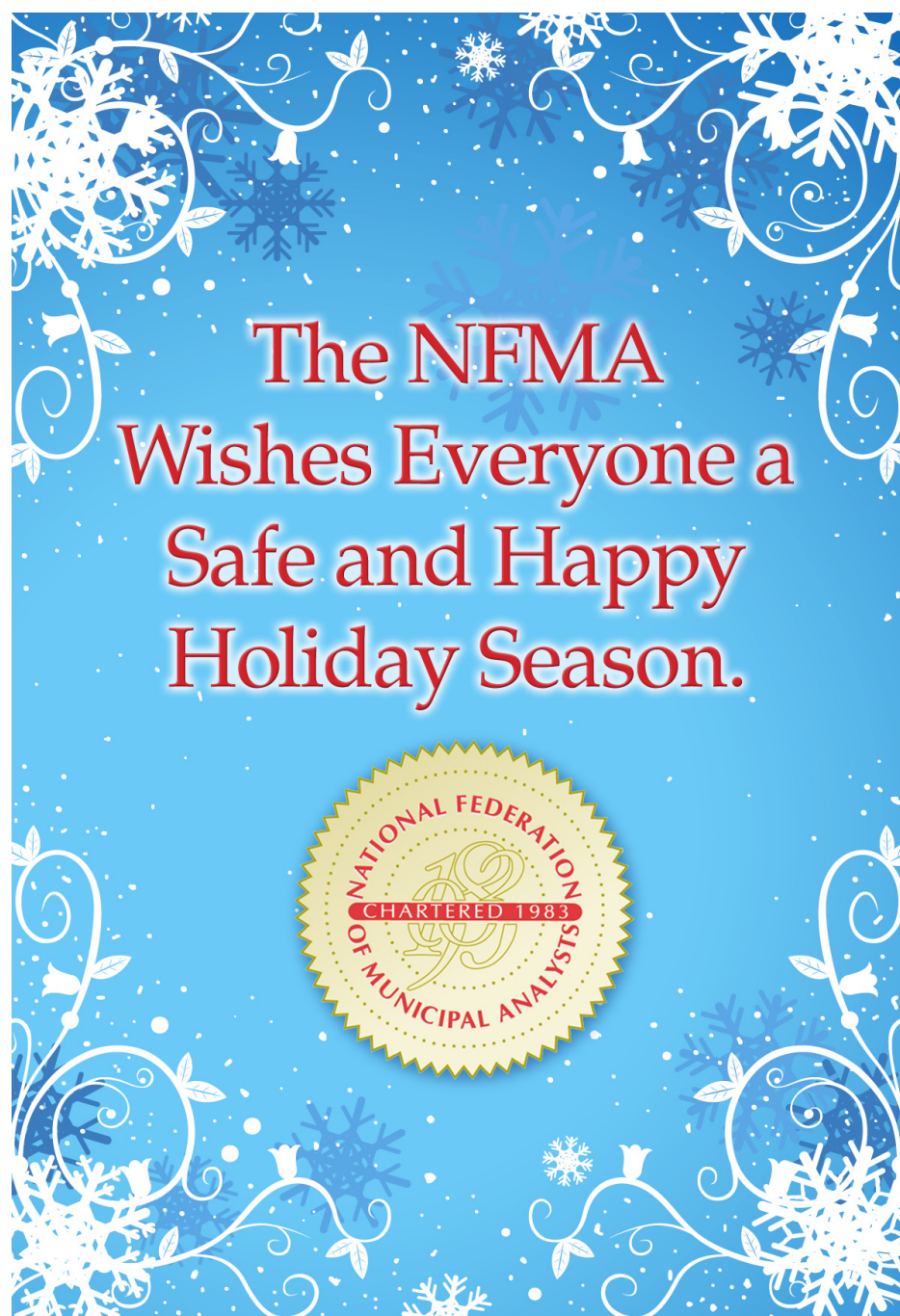
Julie Egan

Annual Conference

The ongoing turmoil in the municipal market has resulted in a number of interesting topics for the NFMA's 26th Annual Conference. Topics such as exploring the impact of the 'evaporation of wealth' on state and local government credits, the value of credit enhancement and how short-term/variable rate debt is impacting credit should be of great interest to all navigating and seeking to adapt to the 'new' municipal market. The planning committee is currently working diligently to get the most knowledgeable speakers representing a variety of viewpoints confirmed for each session.

Look for a mailing in early February!

Lisa Washburn and Mark Stockwell



NFMA CALENDAR

December 11 – CMAS Holiday Party

December 16 – MSMA Holiday Party

December 17 - BMAF Holiday Bowling Party

December 19 – MAGNY Holiday Party

January 14, 2009 – NFMA Board of Governors Meeting, Disney's Grand Floridian, Orlando, FL

January 15-16, 2009 – NFMA Advanced Seminar, Disney's Grand Floridian, Orlando, FL

May 5, 2009 – NFMA Board of Governors Meeting, Grand Hyatt Seattle

May 5-8, 2009 – NFMA 26th Annual Conference, Grand Hyatt Seattle

May 4, 2010 - NFMA Board of Governors Meeting, Hyatt Regency Tamaya Resort Santa Ana Pueblo, NM

May 4-7, 2010 – NFMA 27th Annual Conference, Hyatt Regency Tamaya Resort, Santa Ana Pueblo, NM

May 3, 2011 – NFMA Board of Governors Meeting, Charleston Place, Charleston, SC

May 3-6, 2011 – NFMA 28th Annual Conference, Charleston Place, Charleston, SC

NFMA

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