

Municipal Analysts

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BULLETIN



LETTER FROM THE CHAIR

Thomas Paine wrote the words “These are the times that try men’s souls.” The words were written in Paine’s pamphlet ‘American Crisis’ during the winter of Valley Forge as a way to encourage soldiers and the public to continue to fight in the Revolution, despite the many severe hardships the war was putting everyone through. As we struggle through these difficult and challenging times, it is comforting to know that we are moving back to basics and a renewed emphasis on credit. The NFMA has never been more relevant and valuable as a voice for reasoned debate and dialogue in this turbulent and uncertain market. Credit matters again, and the educational mission of our organization has never been more important. Public finance credit will be stressed more than at any point in our careers, and I believe the expertise and opinions of our membership will be in demand as never before. The current economic upheaval will create unprecedented challenges in our market, but we will also be presented with new opportunities.

I am honored to serve as NFMA Chair in 2009 and have the support of a talented and experienced Board. I have enjoyed my association with NFMA immensely, and have made many rewarding friendships. I would like to thank my predecessor, Rob Yolland, who has been a great asset to our organization. Rob exemplifies what is best about NFMA; he is dedicated and passionate about his job. I would also be remiss if I did not thank the tireless efforts of Lisa Good, who is the force that holds the organization together and helps us move forward.

The Board recently voted to increase fees for the upcoming year. This decision was not made lightly, but is important to maintain a healthy financial position which will serve us well in the future. We have made substantial progress in improving the financial operations of NFMA in recent years. We have increased financial reserves through methodical fund raising and sponsorships, created a prudent budgeting process, and developed a conservative asset allocation policy for our investments. The result of these efforts by many dedicated NFMA Board members, including our Vice Chair Chuck Emrich, puts the organization in a strong position to weather the financial storm that continues to test all of us.

The Disclosure Committee is preparing to release the final version of its GASB 45 White Paper and the Web Site Committee is working diligently on improving the NFMA internet site. Thanks to the dedicated efforts of Lisa Washburn and Mark Stockwell, our Annual Conference co-chairs for 2009, we have an excellent program for Seattle, May 5-8. Jeff Burger, Education Chair for 2009, is planning an Advanced Seminar on municipal bankruptcy and workouts in Cambridge for the fall. ***I look forward to seeing many of you in Seattle, and expect a very successful year despite the challenges ahead of us!***

Bill Hogan



California Society of Municipal Analysts

The California Society of Municipal Analysts would like to welcome Jolene Yee of Moody's to the Board. The 2009 CSMA Board includes:

Chair:	Mary Ellen Wriedt, Standard & Poor's
Vice Chair:	Jennifer Johnston, Franklin Templeton Investments
Secretary/Treasurer:	Jason Kissane, MBIA Illinois (National Public Finance Guarantee Corporation)
Senior Program Chair:	Terry Goode, Wells Capital Management
Program Chair:	Shari Sacks, Bank of America
At Large:	Jolene Yee, Moody's

We are looking forward to a number of interesting events during this tumultuous year and are in the process of planning a Spring luncheon, a Summer half-day conference, a Fall luncheon, and several social gatherings.

The Spring luncheon will feature speaker Mac Taylor, California's Legislative Analyst. The Legislative Analyst's Office is the nonpartisan fiscal and policy advisor to the California Legislature. Mr. Taylor will be speaking about the state of the State, particularly the budget challenges that continue to dominate the news. We expect the event to occur on Thursday, March 26th. We will be in touch with our members in the near future with more details.

Potential topics for future programs include issues in transportation and the federal stimulus package. If anyone has additional topics of interest or other thoughts/suggestions, please contact me at maryellen_wriedt@sandp.com.

*Regards,
Mary Ellen Wriedt*

Disclosure

Brian Tournier is representing NFMA and the Disclosure Committee on a GASB task force to reexamine GASB Statement 14, which addresses accounting for component units of government. We will also be offering our opinion on GASB's research project regarding "Economic Condition Reporting and Fiscal Sustainability". In addition, we continue work on our various white papers and recommended best practices. Please contact either one of us for more information. gregory.clark@us.unicreditgroup.eu or Greg.Aikman@bnymellon.com

*Greg Clark and Greg Aikman,
Co-chairs, Disclosure Committee*

MEMBERSHIP

Membership continues to hold at about 1000, despite the economic downturn. We do expect membership to drift below that level as layoffs continue at many shops.

As downsizing continues, please remember to support our members however you can. This is when the power of the NFMA can be used to do the most good. Remember to look at the NFMA website job bank. Enhancements to the job bank are being worked on as we speak.

Look at your organization and see if there are associates who should consider membership in the NFMA. I'm sure there are a few who have fallen through the cracks.

Please contact Lisa Good (lgood@nfma.org) to discuss your particular situation in confidence. The NFMA is more than willing to work with you to retain you as a member in good standing.

*Susan Dushock
Julie Egan*



MAGNY

Municipal Analysts Group of New York

It has been a busy and productive time for MAGNY since the turn of the year. We have attempted to host a variety of topics at our monthly luncheons. We started this year with a program in January featuring Dr. David Blitzer from Standard & Poor's. Dr. Blitzer has primary responsibility for the Case-Shiller Index. He detailed how the Index is constructed and how it may be interpreted and utilized by municipal analysts. The impetus for hosting such a program came from a suggestion from one of our members.

The second program of the calendar year was held late in February, and featured a session on Tobacco ABS bonds. With the tax environment for tobacco changing, and the focus on the upcoming MSA payments due in April, we thought this would be a timely program for our members. We designed the program so that a variety of viewpoints was presented. The program featured one of our members, Richard Larkin, Managing Director of Herbert J. Sims who represented the analyst's viewpoint. We also heard from Steven Kantor, Managing Director of First Southwest Company, who represented the financial advisor's viewpoint, and Kym Arnone, Managing Director of Barclays Capital, who represented the banker's perspective. The session was lively with some different opinions offered, and some new information on litigation affecting the sector also came to the fore.

Our next session is scheduled for March 13 and will be focused on the American Recovery and Reinvestment Act of 2009. For this program we are featuring Shahira Knight who is a lobbyist for SIFMA, and T.Kam Wong of Hawkins, Delafield & Wood, LLP, who just prepared an excellent primer on the Act. We anticipate a lot of member interest in this session.

Programs are not locked in yet for April, May and June. At press time, there is a joint effort underway with NFMA to host a program on Puerto Rico in April if the Yale Club is able to accommodate us on changing our scheduled April date.

As always, some of the best suggestions for programs come directly from our membership.

Our membership committee continues to sign up a few members each month despite the current status of the industry. We are somewhat concerned that a fair proportion of our members either have or had worked in the bond insurance industry. As some of the new endeavors take formation, we hope to maintain past members and to sign up new members from the new participants in the industry.

We have been considering offering some career industry networking opportunity, but planning for said session is in the early stages.

One thought about next year is that we are very desirous of attracting a qualified individual to serve as Program Chair. The post is vacant at present. If anyone would like to consider said opportunity, please, contact any of our Board members. Although there is definitely some work involved with this position, the work can be quite engaging and can introduce the person who holds the position to many of the key participants in the industry who are dealing with the most visible topics of the day.

We hope that all of you continue to grow and prosper in these difficult economic times. But as we know from experience, these may be very interesting times that will lead to new structures and transactions that we can only begin to contemplate. The federal acknowledgement, awareness, and changing participation in our market will create some new and very necessary activity. After all, our focus has always been on infrastructure.

John Hallacy

MAGNY Chairperson 2008-2009

MSMA

Minnesota Society of Municipal Analysts

MSMA finished 2008 with its second annual holiday celebration on December 16th. The weather was not very cooperative, and we ended up having a very heavy snowfall. Attendance was a little light, around 15, but we all agreed that we were sitting in a better location than parked on the freeway.

We are planning a meeting for April with the Minnesota State Economist, Dr. Thomas Stinson, who will talk about the State economy. This should be a very timely and interesting presentation, in light of all the challenges Minnesota is facing with big deficits and higher unemployment rates etc.

The University of Minnesota will have a new football stadium for the '09 season and the board is also working on a tour of this facility.

MSMA is celebrating 15 years as an organization in 2009 and I would like to thank the speakers and past and present members that have made this a very successful 15 years.

Johan Åkesson



EDUCATION COMMITTEE

The NFMA would like to thank everyone who attended the Advanced Seminar on Health Care held at Walt Disney's Grand Floridian Hotel, January 15 & 16, 2009. Special thanks are extended to Joe Rosenblum, who served as seminar chairman and put together a fantastic program. The discussion covered many issues facing health care analysts and included a Washington update, a turnaround case study, and tips to better understand accounting changes, including ways to interpret the impacts on the financial statements.

Planning is underway for next fall's Advanced Seminar to be held on Cambridge, Massachusetts, October 2009. The working group is developing a program focused on bankruptcy and distressed credit. We are looking for volunteers to help develop this seminar and as always, the Education Committee needs volunteers to serve during the planning stage of our seminars. Good ideas are always welcome. This is a great time to get involved. Please feel free to contact me directly at jeffrey.burger@columbiamanagement.com or through Lisa Good.

Jeffrey B. Burger

SPONSORSHIP 2009

It's been an eventful 2009 so far. The Dow is at all-time lows, our friends and co-workers are finding it difficult to find work and there are no signs of a turnaround – even with the new administration's promise to save the economy.

Despite all the negative news we remain a strong organization with members ready to provide support however they can. We began our sponsorship drive for 2009 well before the end of last year. We are pleased to report that sponsorships (including events) total \$95,000 – that's about \$15,000 over the amount we budgeted for 2009. We are still working to obtain more support. As everyone knows, the number of firms we can approach continues to dwindle. As your firms prepare their budgets for 2010 or make revisions to this year's, please have them reserve a spot for the NFMA.

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. A special thanks to the members who worked so hard to get their firm's to participate in our events.

Thanks so much for your help and support into 2009.

*Susan Dushock
Julie Egan
Lisa Good*



The Chicago Municipal Analyst Society elected the following persons to serve as Board members for 2009:

President – Bill Trauner, State Farm Insurance Companies

Vice President – Craig Falduto, Van Kampen Investments

Secretary – Andrea McKeague, McDonnell Investment Management

Treasurer – Antionette Maxwell, Standard and Poor's

Board Member – Derek Wolfe, Nuveen Investments

Board Member – Derek Bonifer, BMO Capital Markets

Board Member – Rachel Cortez, Moody's Investor Services

The Board began the year by gathering at S & P's Chicago offices in early January to discuss, plan and prioritize Society activities and goals for 2009. As always, the primary objective of the CMAS Board is to organize educational and social events that our membership finds timely and relevant. To complement this objective, we are applying measures to seek greater input and participation from membership. These measures include an online survey developed by the Board and emailed to all CMAS members last month. Responses to the survey have been great in number and extremely informative.

CMAS members gathered on February 17th at Fulton's in Chicago for networking and lunch, followed by a panel presentation and discussion of municipal sectors impacted by the real estate downturn, including CCRC's, Multi-Family Housing, and Land Development. Future CMAS events may include a presentation on Chapter 9 Municipal Bankruptcy and a panel discussion on the state of the states.

Bill Trauner

Industry Practices and Procedures Committee

The Industry Practices and Procedures Committee acts as an advocate, representing the interests of the NFMA membership within the municipal finance industry. This Committee oversees preparation of all position papers published by the NFMA. In addition, on behalf of the NFMA, the Committee responds to requests from and positions taken by other participants in the municipal market. While currently the Committee is not working on any specific issues, we are very interested in receiving suggestions from the membership for pertinent issues to take up. Mary Colby and David Belton co-chair this Committee. You may reach them at mary.colby@schwab.com or dbelton@standish.com

2009 BOARD

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* Executive Committee Member

NFMA Annual Conference Seattle, WA – May 2009

Mark your calendars for May 5-8th at the Grand Hyatt Hotel in downtown Seattle.

After all of the seminal events that took place in 2008, the Annual Conference sub-committee developed a theme for the 2009 conference, “Adapting to the New World Order.” The objective of the agenda is to address the roots of credit stress in the muni market, review steps participants are taking to increase liquidity, and the potential impact from new federal government and regulatory agency initiatives. Our Keynote address from Chris Mier of Loop Capital will lead off the conference with a discussion of the challenges facing muni analysts. Breakout sessions will also provide participants with the opportunity to analyze impacts on specific municipal sectors.

The Conference Welcome Reception starts at 8:00 pm PDT on Tuesday, May 5, and the conference program commences on Wednesday morning May 6. A copy of the program can be accessed at <http://www.nfma.org>.

We are hoping to facilitate job seekers again this year. If you are looking for a job, or your firm will fill positions in May or June, contact Lisa Good (lgood@nfma.org) to post your listing on the conference job board.

Lisa Washburn

Mark Stockwell



T W E N T Y - F I F T H A N N U A L C O N F E R E N C E

NFMA Sponsors 2009

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Sponsorship Opportunities: Contact *Lisa Good*, NFMA Executive Director, at 412-341-4898, or lgood@nfma.org, if you firm is interested in sponsoring the NFMA Annual Conference.

THANKS! to all our 2009 Sponsors



BMAF

Boston Municipal Analysts Forum

BMAF held its traditional annual Holiday Bowling Party at Kings on December 17, 2008. The event was well-attended and Columbia Management team once again prevailed in the very intense bowling competition. Members enjoyed the holiday cheer and camaraderie. BMAF extends its appreciation to Assured Guaranty for sponsoring refreshments for the party.

The first meeting of 2009 had a strong turnout to hear Bob Culver, President and CEO of MassDevelopment, who provided perspective on current market conditions as they affect his agency's clients as well as economic development efforts in the gateway cities in Commonwealth of Massachusetts. BMAF appreciates State Street Corporation's generous sponsorship of the meeting. Future meeting topics include a perspective on higher education provided by Ed Forst, recently-appointed EVP at Harvard University, and a session on municipal bankruptcy sponsored by Mintz Levin. Last year's popular Harpoon Brewery tour is likely to be repeated for this year's summer outing.

BMAF thanks outgoing president Jeff Burger (Columbia Management) for his hard work in executing an outstanding program in 2008. Incoming officers are Susan Kendall, president (Moody's Investors Service), Geoff Buswick, vice-president (Standard & Poor's) and Rick McBain, treasurer (Deutsche Asset Management).

Susan Kendall

SMFS

Southern Municipal Finance Society

I am guessing that many are feeling as overwhelmed as I am in this crazy market. With the busy workload we all face, I am pleased to announce two new additions to the Southern Municipal Finance Society Board: Dan Black, a Senior Director at Fitch Ratings and Dwight Burns, a vice president/senior analyst with Moody's Investor Service. Congratulations and welcome, we are thrilled to have you aboard.

We are tentatively planning a lunch and or webcast in Florida focusing on environmental investing from the issuer, and rating agencies prospective. Barbara VanScoy, one of our education chairs, is hosting this event with the help of Dennis Whittaker.

Julie Egan

NFMA CALENDAR

March 13 – MAGNY Luncheon
- American Recovery and Reinvestment Act of 2009

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

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

October 2009 – NFMA Advanced Seminar

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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