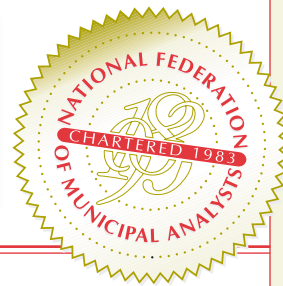


Municipal Analysts

NOVEMBER 2009 VOL 19. – NO. 3

BULLETIN



LETTER FROM THE CHAIRMAN

As a result of good planning and the dedicated efforts of our membership, we conclude another successful year at NFMA. The recent Advanced Seminar on Bankruptcy and Workouts drew record attendance. The tireless work of our fund raising and finance committees have put us in a sound financial position in the face of continuing economic challenges created by the recession. It has been an honor to serve with this dedicated and passionate group of volunteers. As my term draws to an end, I would like to thank our past chair Rob Yolland and incoming chair Mark Stockwell for their great assistance and strong contributions during the past year. I would also like to congratulate the other recently elected officers, including, Greg Clark as Vice Chairman, Greg Aikman as Treasurer, Jeff Burger as Secretary, Anne Ross, Brian Tournier and Lisa Washburn as at-large Board members and Patrick Early, coming on as the new Affiliated Individual representative to the Board. Finally, a sincere appreciation for Lisa Good's work as Executive Director is noted. Lisa continues to serve the organization with great competence, diligence and brings invaluable experience to the job. Best of luck in the New Year and to the NFMA.

Bill Hogan

INDUSTRY PRACTICES

In September, the committee provided commentary on the SEC's proposed changes to Rule 15c2-12. The NFMA's commentary supported the key recommendations for improving municipal disclosure practices. These points included revising the exemption for variable rate demand securities, the shortening of the time limit for filing material event notices to 10 days and removing the need for finding materiality for certain events that are clearly material (delinquencies of principal or interest, draws on reserve funds, etc). The committee also supported the proposed addition of 4 new events of materiality, including tender offers, bankruptcy, merger/consolidation and the appointment of a successor trustee. Finally, the committee recommended adding event disclosure items beyond what the SEC proposed, including entering into swap agreements, posting collateral under a swap agreement, conversion of variable rate demand securities into bank bonds and termination of a liquidity agreement if it converts the security into long term debt. The committee's comments were submitted to the Chairman and Commissioners of the SEC and executives of the MSRB, and are posted on the NFMA website.

Mary Colby and David Belton

CMAS

Chicago Municipal Analysts Society

Since publication of the last 2009 NFMA Bulletin, the Chicago Municipal Analysts Society has continued to provide membership events focused on timely topics, interesting speakers and networking opportunities. Most notably, in late August CMAS hosted its 2009 Golf Outing and Dinner at the Oak Brook Hills Resort in the Chicago suburb of Oakbrook, Illinois. Members were invited to a complimentary round of golf followed by a barbeque dinner, sponsored in part by Assured Guaranty. During dinner, John Zubak and Karen Szerszen of Allstate delivered a warm and fitting tribute to their retiring colleague, John Brodzik – head of research at Allstate – for his many years of service to the municipal bond industry.

As 2009 quickly draws to a close, the CMAS board is preparing to wrap up the year with two remaining events. First, on November 19, Robert Kurtter of Moody's and Rick Mattoon of the Federal Reserve Bank of Chicago will examine the fiscal and economic condition of several key states in State of the States, Part II. Then, on December 10, membership will celebrate the Holidays at the CMAS Casino Night at the Palmer House in Chicago, sponsored in part by McDonnell Investment Management.

Bill Trauner

MSMA

Minnesota Society of Municipal Analysts

On September 24th, MSMA had a well-attended meeting with the Mayor of St. Paul, Chris Coleman. The meeting was held at the Science Museum of Minnesota, which is located in St. Paul. The Mayor discussed the situation for St. Paul and the tough choices that will have to be made in the near future in lieu of decreasing revenues.

MSMA is planning to have its third annual Holiday Celebration and the date is tentatively set for December 10th with a location to be decided. We are hoping for a more cooperative weather this year without heavy snowfalls, which affected the celebration last year.

Johan Akesson

MAGNY

Municipal Analysts Group of New York

MAGNY thanks John Hallacy for his fine service to the board, especially in the past year with double duty as chair and pulling together the monthly programs. The board welcomes Eric Friedland and Deborah Saunders as co-chairs for programming. Matt Fabian is now Treasurer, and Dan Berger serves the dual roles of secretary and membership chair.

The kickoff luncheon for the MAGNY 2009/2010 season featured two preeminent authorities on identifying forward looking long term trends in municipal credit. Christopher Mier, CFA, Managing Director/Head of Analytical Services Group, Loop Capital, provided a forecast of "...political squabbles followed by intermittent downgrades and the threat of an occasional bankruptcy or two, followed by fiscal gale force winds, and active use of Chapter 9..." and addressed the question, "How do we come up with more anticipatory evaluation techniques?" Matthew Drennan, Visiting Professor, Urban Planning UCLA, walked through the evolution of the residential real estate market mortgages and distinctions between traded and non-traded economies.

Our October luncheon focused on health care reform. David C. Rich, Executive Vice President, Government Affairs, Communications, and Public Policy for the Greater New York Hospital Association and Carolyn Tain, Senior Director, Public Finance, Healthcare Group, FitchRatings addressed the implications for hospital finances resulting from the proposed reforms.

Our November luncheon examined the commercial real estate market, and our December meeting will allow us to celebrate the holidays, say goodbye to 2009 and allow us to look forward to a better 2010.

We welcome ideas on topics.

Mary Francoeur

BMAF

Boston Municipal Analysts Forum

On October 6th, the BMAF hosted a "State of the States" panel at the Boston Federal Reserve Building. The first of the two speakers was Bob Tannenwald, the head of the New England Public Policy Center at the Fed, and he spoke on economic trends throughout the six New England states. The second speaker was Mike Widmer, the President of the Massachusetts Taxpayers Association. Mike focused on the state of the Commonwealth's current budget gap and his group's forecast for the next couple of years' challenging budgets. Both speakers took questions from the members. On December 2nd, we're hosting our now annual Holiday Bowling Party here in Boston. All are welcome. We are currently soliciting interest from the members for the soon to be open Treasurer's position. If you are interested, please contact Geoff Buswick, Rick McBain or me.

Susan Kendall



The California Society of Municipal Analysts had a very successful summer conference on August 13th. Our panels covered topics such as how local governments are dealing with the economy and California state budget; distressed situations and when to consider bankruptcy; and an update on the California market. Speakers included Mac Taylor (California's Legislative Analyst), Susan Mayer (Assistant Finance Director of the City of Vallejo), Paul Rosenstiel (Principal at De La Rosa & Co.), and Michael Weed (Of Counsel at Orrick). Thanks to all of the NFMA members who attended.

Our fall luncheon took place on November 12th. Matt Regan from the Bay Area Council, a local business-sponsored public-policy advocacy organization, discussed the prospects for a California Constitutional Convention, including how we can get a Constitutional Convention, what issues a Convention will discuss, and who will serve on this important body. The Bay Area Council points out that the California Constitution is a document that has been amended 512 different times and has not had a structural overhaul since 1879.

Our final event of the year will be a holiday happy hour. We are in the process of finalizing the details, so tentatively mark your calendars for December 2nd from 4-7 pm. We will be in touch in the near future with more details.

At the end of the year, I will be rotating off of the CSMA board. I have really enjoyed this opportunity, and I look forward to another year on the NFMA Board of Governors. Jennifer Johnston will be the CSMA's new chair next year; all of her work for CSMA and NFMA has been tremendous. I wish her, and the entire CSMA board, all of the best!

Mary Ellen Wriedt

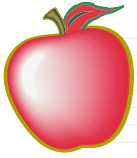
SPONSORSHIP

I opened with these thoughts in February 2009: It's been an eventful 2009 so far. The Dow hit 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. Not much has really changed since then.

Despite all the negative news, we remain a strong organization, with members ready to provide support however they can. We've already begun our sponsorship campaign for 2010 and are pleased to report that a number of our supporters have already committed at the same levels they did in 2009. Thanks to all who have pushed their firms to maintain prior year contribution levels. As everyone knows, the number of firms we can approach continues to dwindle. As your firms prepare their budgets for 2010, please have them reserve a spot for the NFMA. We've been conservative with our budgeted sponsorship number; however, these dollars remain the life blood of our organization's efforts to present quality events for our members.

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.

Susan Dushock



EDUCATION COMMITTEE

On behalf of the NFMA, I would like to thank everyone who participated and helped plan the fall Advanced Seminar on Bankruptcies and Workouts. By all accounts, the seminar was very successful and was the most heavily attended advanced seminar in the history of the NFMA. The seminar featured panels ranging from Chapter 9 municipal bankruptcies to the automobile bankruptcies, to valuation concepts. The Honorable Erik Kimball served as our featured lunch speaker and provided his unique perspective from the bench.

Planning is well underway for this winter's Advance Seminar on Tax Backed Bonds and Federal Intervention, Reform, and Influence of the Municipal Market. The seminar will feature a Washington Update as well as sessions covering pressing issues impacting the tax backed sector. The seminar will be held February 11 and 12 at the Four Seasons Hotel in Palm Beach, Florida. We have assembled an excellent planning committee with broad participation from the rating agencies, insurers, sell-side analysts, and investors. As always, the Education Committee needs volunteers to serve during the planning stage of our seminars. Good ideas are always welcome and this is a great time to get involved. Please feel free to contact me directly at jburger@standish.com or through Lisa Good.

Jeffrey B. Burger

Disclosure

Recommended Best Practices projects are underway on Housing, Health Care, Land-Backed Debt, and Swaps, and a new committee has been organized to produce a White Paper on Expert Work Products such as feasibility studies.

In addition, NFMA is working on a project with GASB regarding standards for inclusion of Component Units in CAFRs. Please call Greg Aikman or Greg Clark for more information on these projects.

Greg Clark and Greg Aikman

SMFS

Southern Municipal Finance Society

In October 2009, SMFS held a great luncheon addressing the impact of Tax Law Changes from the American Recovery and Reinvestment Act (ARRA) on the municipal market. The panel discussion featured Dennis Hunt of Stephens, Inc., John Compton of Crews & Associates and Ryan Bowman of Friday, Eldredge & Clark. The panel was moderated and planned by education Co-chair Dennis Whittaker of ARVEST Bank in Little Rock, Arkansas. Great job Dennis! The discussion focused on changes to various tax laws impacting the municipal market that were adopted as part of the enactment of ARRA. The panel provided an overview of tax law changes that were specific to the municipal market place as well as a review of the impact upon trading flows, demand patterns and issuers.

In addition to the various luncheons we hosted this year, we have worked very hard to update our Articles of Incorporation and Bylaws. Last year we sent all members the proposed changes and received comments back from members. We hired an attorney and he incorporated those suggestions into the changes. They were mailed out to our membership in October. Once these changes have been approved by a majority vote of the SMFS members, we will file the changes with the State of Florida. I wish to thank the SMFS board for working so hard to accomplish this, especially Paula Permenter at Invesco. It was a large undertaking, and we are thrilled to be wrapping the project up.

As always, we encourage all members to become more involved in the SMFS. Anyone who would like to serve on a committee or become involved in any other way, please feel free to contact me at jegan@ccmfixedincome.com.

Julie Egan

Thanks to 2009 Diamond and Platinum Sponsors!!

**DIAMOND: Fitch Ratings
Moody's Investors Service
Standard & Poor's Corporation**

**PLATINUM: Assured Guaranty
Barclays Capital**

SAVE THE DATE



**February 11 & 12, 2010
Four Seasons Resort
Palm Beach, FL**

NFMA Advanced Seminar on Tax Backed Bonds and Federal Intervention, Reform, and Influence Over the Municipal Market

Topics to include:

- > WASHINGTON UPDATE
- > A REVIEW OF US TERRITORY CREDITS
- > THE DOCTOR IS IN: A CHECKUP ON STATE FISCAL STRESS AND HOW ANALYSTS CAN USE NEW DATA RESOURCES TO MAKE BETTER CREDIT DECISION
- > MUNICIPAL TAX CREDIT BONDS - THE EVOLUTION OF A NEW SECURITY
- > HOW DOES A CHAPTER 9 BANKRUPTCY AFFECT GO BONDS? SPECIAL REVENUE BONDS? ...NOT ALWAYS EQUALLY
- > TAX INCREMENT AND ASSESSMENT BONDS-TROUBLE AHEAD; TROUBLE BEHIND...?
- > BUILD AMERICA BONDS (BABS) THEN AND NOW
- > THE IMPACT OF PROJECT RISK ON CREDIT

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.

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.

Thanks so much for your help and support in 2009.

Susan Dushock

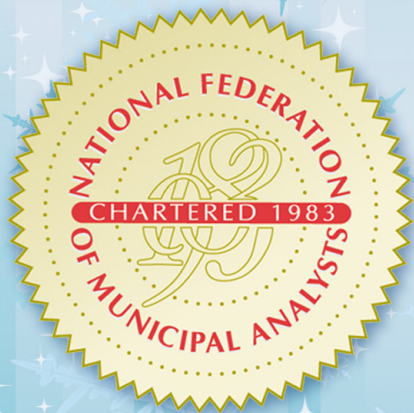
**Remember to visit
the NFMA's
NEW website!**



www.nfma.org

NFMA CALENDAR

The NFMA
Wishes Everyone a
Safe and Happy
Holiday Season.



December 2 – BMAF Holiday Bowling Party

December 2 – CSMA Holiday Party

December 10 – MSMA Holiday Celebration (tentative)

December 10 – CMAS Casino Night

February 10, 2010 – NFMA Board of Governors Meeting, Four Seasons Resort, Palm Beach, FL

February 11 & 12, 2010 – NFMA Advanced Seminar on Tax Backed Bonds and Federal Intervention, Reform, and Influence Over the Municipal Market, Four Seasons Resort Palm Beach, FL

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

April 17, 2012 – NFMA Board of Governors Meeting, Four Seasons, Las Vegas, NV

April 17-20, 2012 – NFMA 29th Annual Conference, Four Seasons, Las Vegas, NV

NFMA

The Municipal Analysts Bulletin is published by the National Federation of Municipal Analysts.

NFMA
P.O. Box 14893
Pittsburgh, PA 15234

Lisa S. Good, Executive Director
Phone: 412-341-4898
Fax: 412-341-4894
E-mail: lgood@nfma.org