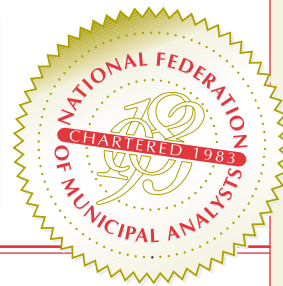


Municipal Analysts

BULLETIN

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LETTER FROM THE CHAIR

In recent weeks, we have seen a deluge of articles in the popular press comparing the concerns over the municipal bond market to the Greek debt crises. We see the familiar refrain, "Is (fill-in your favorite fiscally-challenged muni credit) the next Greece?" Ironically, most of the examples of problem credits in those articles are not general obligation or tax-backed bonds, but some type of marginal project finance or corporate-backed muni that you would expect to face difficulties in a down-market.

This is not to deny the fiscal stress in the muni market, but there seems to be a misunderstanding of risk in the muni market by many so-called expert commentators. As I look back on the NFMA's Annual Conference held in New Mexico, the presentations provided a better understanding of the concerns and changes taking place in the muni market. I would like to thank the conference chairs, Eric Friedland and Jennifer Johnston and the conference planning committee for organizing the conference and for their development of the program which was pertinent and informative. It is this type of commitment to excellence that distinguishes NFMA conferences.

The challenges evident in the muni market have also provided opportunities for the NFMA to be an advocate for strengthening the muni market. Fiscal pressures faced by issuers, limited sources of credit enhancement and the development of the BABs market have created the need for participants to adapt to market dynamics. The NFMA has historically been one of the more vocal advocates for improved and timelier disclosure. We are pleased to see the SEC's recent approval of many of the revisions to Rule 15c-2-12 which the NFMA has supported.

Our advocacy, however, does not stop with the SEC's action. The market is changing faster than disclosure regulations, and as such, we will continue to call for interim disclosure statements, which we believe will facilitate timelier reporting of financial information. I believe that other muni organizations see that the dramatic changes taking place in our market necessitate the need for interim reporting. While we support efforts to develop a consensus among other muni organizations to improve the timeliness of disclosure information, we are developing NFMA Recommended Best Practices for Interim Reporting through the efforts of Greg Clark and Brian Tournier and the Disclosure Committee.

The restructuring of the financial markets and the development of new types of municipal debt have profoundly impacted the work of muni analysts. There is resurgence in the appreciation of those who understand credit analysis while methods of understanding investment relationships evolve. The NFMA Advanced Seminar in Chicago this October will provide the opportunity for those attending to grapple with the new parameters of muni analysis. The Advanced Seminar co-chairs, Patrick Early and Scott Andreson are developing the agenda. I look forward to seeing many of you at what should be a timely and very interesting seminar.

Mark Stockwell

NFMA Participation on GASAC

The NFMA is one of 31 organizations that have a seat on the GASB Governmental Accounting Standards Advisory Council (GASAC). GASB and FASB are the two accounting rule-making boards that are operating components of the Financial Accounting Foundation (FAF). Both entities are charged with establishing, improving, educating, protecting, and overseeing generally accepted accounting principles (GAAP), with FASB overseeing public and private businesses, as well as not-for-profit organizations, and GASB-following state and local government entities. Both GASB and FASB have advisory committees comprised of user organizations, preparers and auditors. That's where NFMA comes in. As a "user" organization, member input is valuable to GASB staff in determining priorities for current and upcoming projects. In addition, comments and concerns that they receive via the Technical Inquiries query on their website, will provide insight on areas of study for the future.

My term is for the 2010-2011 years. From time to time I will send information to NFMA members on current and upcoming GASB and GASAC agenda items. I may also survey members on specific issues, with the intention of receiving feedback to provide to at the GASAC meetings, which are held three times a year. In the meantime, take a moment to look at the GASB website, www.gasb.org, and more specifically at the link to PROJECTS. Under that topic, you will find the current Documents for Public Comment (Amendments to GASB Statements 14 and 34-due June 30, 2010 and codification of certain pronouncement information which would ultimately supersede Statement 20 regarding reporting for Proprietary Funds-due July 31, 2010); Current Projects (OPEB Reporting, Service Concession Arrangement Reporting, Service Efforts and Accomplishments, Conceptual Framework - Recognition and Measurement Attributes, and Financial Instruments Omnibus, of which the project scope includes all external investment pools, but chiefly focuses on one type of pool—2a7-like investment pools); Research Projects; Completed Projects; and Technical Plan (GASB timetable). Should you have any questions, comments or concerns about GASB-GASAC activities, please contact me at marykatherine.sells@firstsw.com.

Mary Kay C. Sells



Southern Municipal Finance Society

I can't believe we are almost mid-year already. Time really flies.... The Southern Municipal Finance Society would like to welcome two new board members, James Breeding from Standard and Poor's and Jason Diefenthaler from Wasmer, Schroeder & Co. I would like to thank you both for volunteering. We have been busy this year with two great educational conference calls. The first discussed the healthcare sector outlook provided by Anthony Houston and James Mitchell of Fitch Ratings. The second educational call discussed the outlook for the public power electric utility sector provided by Dan Aschenbach and John Medina from Moody's. To cap off our year we are planning a reprise of the conference we had four years ago in New Orleans called "Gulf Coast Recovery" after hurricane Katrina. It will be timely given the current unfortunate situation again in this area with the recent oil spill. The conference will be held November 1-3, 2010 in New Orleans. Please mark your calendars and save the date. We are putting panels together now and hope to get to have a draft agenda out soon. Dennis Whittaker and Barbara VanScoy are doing a great job putting together the conference and planning other educational events. Thank you both!

Julie Egan

MAGNY

Municipal Analysts Group of New York

MAGNY had two meetings in March after our February meeting was postponed due to snowstorms. First, Pamela Prah, Staff Writer for Stateline.org, moderated a panel of Robin Prunty, Senior Director, Public Finance Ratings Group, S & P Rating Services, and Scott Pattison, Executive Director, National Association of State Budget Officers to discuss the state of the states. Scott discussed the reductions in state revenues, and how states have been addressing the resulting budgetary imbalances. Robin discussed long term liabilities associated with pensions and OPEB. The forecasts remain bleak. The global credit crisis and the challenges of state and local budgets have caused many to ponder, "Does what happens in Greece stay in Greece?" To help understand what has been happening in Greece, we heard from Marc Chandler, Senior Vice President and Global Head of Currency Strategy for Brown Brothers Harriman. Marc discussed the financial implications of Greece's social policies and the trade/debt co-dependence of Greece and other members of the European Union, particularly Germany. And we thought Illinois had problems.

For April, we decided to take it up a notch on the Maalox scale, and had a lively roundtable discussion on "High Yield or High Anxiety" with Edward C. Merrigan, Managing Director and director of Research Zeigler Capital Markets (and recipient of the NFMA's 2010 Award of Excellence), Dean Lewallen of Alliance Bernstein and Joseph Krist, Municipal Credit Analyst for UBS WMR – Americas.

Our last two programs will focus on pensions and SEC proposed rules. Finally, MAGNY hosted its annual golf outing at the New Jersey National Golf Course in Basking Ridge on June 9, coordinated by (the extremely patient with bad golfers) Gerry Lian.

Mary Francoeur

Disclosure Committee

The Disclosure Committee is preparing the release of Recommended Best Practices (RBP) documents for the health care and housing sectors, and a White Paper on Expert Work Products (feasibility and similar studies). Please contact either one of us if you have questions, comments, or would like to volunteer for our upcoming projects, which include and RBP on land-backed bonds.

*Greg Clark and Brian Tournier,
co-chairs, Disclosure Committee*

MSMA

Minnesota Society of Municipal Analysts

MSMA held its first luncheon of the year on March 4th with the CFO of the Minneapolis school district, Peggy Ingison. She shared her insights on the various challenges affecting the district including: payment delays from the State, declining enrollment, building closures, levy issues and the need to cut expenditures.

On May 12th, we held our second quarter meeting, and listened to a presentation from Eric Friedland, Managing Director and Group Credit Officer of Fitch Ratings' public finance group. Eric shared his research on municipal bankruptcies, and walked through some of the mechanics of municipal bankruptcy.

Our next meeting is scheduled for June 29th, and will include a tour of Target Field, the Minnesota Twins' new baseball stadium, which was partially financed with municipal bonds. Following the tour, we will have a social hour at a local pub before attending that evening's game vs. the Detroit Tigers.

The MSMA board continues to welcome comments or suggestions from its membership on future topics or speakers for its upcoming meetings. If you have a suggestion, please contact Andrew Clark or any of the MSMA board members.

Andrew Clark



Chicago Municipal Analysts Society

Since holding our first event in February, the CMAS board has coordinated two other events. The second was a luncheon discussion on State and Local Government Pensions which focused on the funding pressures of public sector retirement systems. The speakers included Doug Benton of Moody's Investors Service and Lawrence Msall, President of the Civic Federation in Illinois. CMAS would like to give a special thanks to Nuveen for offering to host and sponsor our most recent event "Imperfect Union" which took place on May 14th. Assistant Professor, Christopher R. Berry, PhD. of the Irving B. Harris School of Public Policy Studies at University of Chicago provided an insightful presentation on the representation and taxation in Multilevel Governments. <http://harrisschool.uchicago.edu/research/research-report/feature.html?id=484>. Events continue to be well attended by CMAS members.

The next CMAS event will take place on June 17th. Kil Huh, Research Director of the Pew Center on the States has offered to deliver a presentation to CMAS while visiting Chicago on other related business. Other CMAS events in the making include a healthcare topic to potentially take place in June and an end of the summer bus tour that is likely to focus on a presentation from a member of the Finance/Budget office within the City of Chicago.

Andrea McKeague



EDUCATION COMMITTEE

In recognition of how the municipal market is changing, the October Advanced Seminar will examine how a new buyer base might be affecting the market and at new metrics for measuring credit quality. An overarching theme of the Fall seminar will be to look at the approaches to credit quality that have worked, the methodologies that may have outlived their usefulness and the approaches that could replace them. Topics to include:

Municipal Analysis v. Other Fixed Income Asset Classes: What Can We Learn?

Hedging Muni Credit Risks: CDs, Monoline and Other Methods

Technicals v. Fundamentals: What Really Matters

Default and Bankruptcy Update: The Great Recession's Impact

Healthcare Reform and Credit/Market Implications on Hospitals

Global Ratings Scale: Has the Market Digested the Change and Are There New Competitors in the Ratings Game?

The New Face of the Muni Market: Implications of a New Product

Bond Insurer Influence and Workout Panel

Planning is well underway. We are assembling a small planning committee and looking for volunteers for moderator and speaker slots. Please feel free to contact me at patrick.early@wfidvisors.com or put your name in to Lisa Good if you are interested in helping to plan, moderate or have some ideas as a speaker. The seminar will be held October 14 & 15 at the Swissotel in Chicago.

Patrick Early

Scott Andreson

NFMA TWENTY-SEVENTH ANNUAL CONFERENCE

Awards

The National Federation of Municipal Analysts (NFMA) presented its annual industry awards last month during its Annual Conference dinner in Santa Ana Pueblo, New Mexico. The NFMA has presented awards annually since 1984. The Awards Committee Chairman, Bill Hogan, of Assured Guaranty and past NFMA chair, presided over the ceremony.

Receiving meritorious service awards were **Natalie Cohen**, of National Municipal Research, and **Susan Dushock**, of Bank of America Global Capital Management. Natalie Cohen was recognized for her work as Education Chair, as a regular speaker at NFMA educational events, and contributions to recent industry papers and letters. Susan Dushock's contributions to the Southern Municipal Finance Society as chair and program chair, as well as her stewardship of the NFMA Sponsorship Committee, were cited as criteria for her award.



Natalie Cohen



Susan Dushock

The NFMA recognized the **MSRB** with an Industry Contribution award for its EMMA platform, created to improve the timeliness and quality of disclosure in the municipal market. Executive Director, **Lynnette Hotchkiss** was present to accept the award on behalf of the MSRB.



MSRB – Lynnette Hotchkiss, MSRB Executive Director, flanked by Peter Bianchini and Alan Polsky

Frank Hoadley, Capital Finance Director for the State of Wisconsin, was presented with an Industry Contribution award. In recognizing Mr. Hoadley, the committee said "For his long commitment to raising the quality of disclosure in the municipal market, the NFMA recognizes Frank for his important industry contribution."



Frank Hoadley



NFMA TWENTY-SEVENTH ANNUAL CONFERENCE

Ed Merrigan, of B.C.Ziegler and Company, received an Award of Excellence for his exemplary disclosure on behalf of Ziegler issuer clients. In presenting the award, Bill Hogan said, "Ed and his team at Ziegler continue to post valuable disclosure for all of the issues that Ziegler underwrites, and regularly host informative disclosure calls for those transactions."

Finally, the NFMA presented a Career Achievement award to **John Brodzik**, of Allstate Investments, noting that John "supported the Chicago Municipal Analysts Society, and mentored many fine analysts. John was a pioneer in the business at Allstate and introduced many fundamental research tools that are still in use today."

In addition the **Bill Hogan**, Awards Committee included **Gerry Lian** (Morgan Stanley), **William Trauner** (State Farm), **Andrew Clark** (FAF Advisors), **Greg Aikman** (BNY Mellon), **Mary Colby** (Charles Schwab), and **Julie Egan** (CCM Fixed Income).

10 Years with NFMA

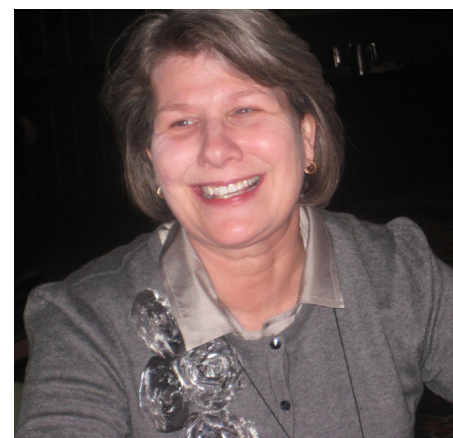
Betsy Harkins, NFMA staff, was recognized at the Annual Conference for 10 years of service to the NFMA.



Edward Merrigan



John Brodzik with Helen Setina



Betsy Harkins



NFMA TWENTY-SEVENTH ANNUAL CONFERENCE



Past Chairs of NFMA – left to right: Mark Stockwell (current Chair), Peter Bianchini, Eric Friedland, Gerry Lian, Alan Polsky, Don Cirillo, George Gregorio, Richard Ciccarone, Bill Hogan.



Officers – Left to right: Mark Stockwell (Chair), Jeff Burger (Secretary), Greg Clark (Vice Chair), Greg Aikman (Treasurer)



NFMA Twenty-Seventh Annual Conference



NFMA Twenty-Seventh Annual Conference





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RangeMark
Roosevelt & Cross

Event: Interactive Data
Mintz Levin
National Public Finance Guarantee

THANKS! to all our 2010 Sponsors

BMAF

Boston Municipal Analysts Forum

BMAF held its third meeting of the year on April 7th. Following recent road shows for nuclear deals, many analysts expressed interest in the utility sector, so we coordinated a meeting and tour at the Seabrook Nuclear Power station. The day began in the education center where the 28 year head of the center gave a "nuke 101" talk and then escorted the group throughout the power station complex. His patience and teaching style was appreciated by all attendees.

BMAF had a strong showing at the Annual Conference in New Mexico with over 35 members making the long trip out during the first week in May.

Our most recent meeting was held on June 2nd at the offices of Mintz Levin. The health law practice leader outlined the new federal healthcare reform law and discussed potential impacts to consider in muni bonds.

Rick McBain, Bill Delahunty and I are close to finalizing a date and location for the summer outing and are thinking about other meetings this year. We have heard that there is interest in draft cap & dividend legislation, accounting standards changing reserve allocations in municipal audits (GASB 54) and a possible primer on how to read a utility feasibility study. We're always interested in other ideas, so please feel free to give us a call.

Geoffrey E. Buswick



California Society of Municipal Analysts

CSMA members gathered in April for a Happy Hour at Perry's on the Embarcadero. Good food, company and conversation were plentiful. Our next event is Thursday, June 17th. We will be holding a luncheon with Dr. Mark Smith MD, MBA as our featured speaker. Dr. Smith, President of the California HealthCare Foundation, will be joining us to talk about Health Care Reform. He will provide us with an overview and then discuss the implications for the healthcare industry and the nation as a whole. The luncheon will be at Belden Taverna at noon. If you would like to attend, please contact Jennifer Johnston at jjohnston@frk.com or Jason Kissane at jason.kissane@nationalpfg.com. The CSMA board continues to work on events for the rest of the calendar year. We hope to hold a half-day conference in August or September followed by another luncheon and our annual Holiday Happy Hour. If you have any suggestions for speakers or topics, we encourage you to reach out to a board member.

Jennifer L. Johnston

NFMA CALENDAR

June 17, 2010 – CSMA Luncheon on Health Care Reform, San Francisco, CA

June 17, 2010 – CMAS Meeting, presentation by Kil Huh, Research Director of the Pew Center on the States, Chicago, IL

June 29, 2010 – MSMA Tour of Target Field, Minneapolis, MN

October 14-15, 2010 – NFMA Advanced Seminar, Swissotel, Chicago, IL

Fall, 2010 – NFMA Introduction to Municipal Bond Credit Analysis, Date and Location TBA

November 1-3, 2010 – SMFS Gulf Coast Conference, Wyndham New Orleans, LA

Winter 2011 – NFMA Advanced Seminar, Date, Topic and Location TBA

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

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NFMA

Constitution

The Constitution Committee is charged with the responsibility of periodically reviewing the Constitution and recommending changes or amendments that reflect the current needs of the NFMA. Accordingly, the committee launched a comprehensive review of the Constitution earlier this year.

Five proposed changes recommended by the committee and subsequently approved by the NFMA's Board of Governors are outlined below. Items one through four formalize the Board's restructuring and consolidation of the Education Committee and Annual Conference Committee, the intent of which is greater efficiency and effectiveness in developing and reviewing education policies of the NFMA. Item five reflects the newly adopted changes in policy concerning the renewal period of members and the payment of annual dues.

With the publication of these proposed changes in the Municipal Analysts Bulletin, a 60-day comment period has commenced. Any regular or affiliated individual member objecting to any of the proposed changes should do so in writing to the Secretary of the NFMA's Board of Governors before the expiration of the 60-day comment period. For additional information, see Article XV, Section 2 (Amendments to the Constitution, Requirements for Amendments) of the NFMA Constitution, available on the NFMA's website.

The 2010 Constitution Committee

William Trauner

Andrea McKeague

PROPOSED CHANGES TO THE NFMA CONSTITUTION (listed by items 1 – 5)

Note: ~~deletions are scored~~ and **new phrasing is emboldened**.

1.) *Under Article VII, Section 4 (Election of Officers of the Federation, Secretary)*

Changes here serve to a) codify the Secretary's role as Chairperson of the Education Committee and, b) clarify the overall language of the section.

The Secretary shall act as Secretary at all meetings of members and at all meetings of the Board of Governors and shall keep a record of the proceedings thereof. Among his or her duties ~~in addition to those outlined elsewhere in the Constitution of the Federation~~ shall be the maintenance of **(a) a record of Constituent Societies, member societies, that includes both including the names and addresses of active members, and (b) a record of the names and addresses of affiliated individual members, as well as and (c) the terms of all governors.** **The Secretary shall also serve as the Chairperson of the Education Committee established in Article X.** The Secretary shall have such other duties and may exercise such other powers **as prescribed by the Federation Constitution as well as such other duties and powers** as the Board of Governors may prescribe.

2.) Under Article X, Section 1 (Standing Committees, Committee Chairpersons and Members)

Reference to the Annual Conference Committee is deleted, as it is to be reformatted to a subcommittee of the Education Committee.

With the exception of the chair of the Annual Conference Committee, Only Governors of the Federation shall serve as standing committee chairpersons. Except as indicated below, chairpersons of the standing committees shall be appointed by the Chairperson of the Federation. Co-chairs of standing committees may be established with one member who is not currently on the Board of Governors. The committee chairpersons shall appoint members of their respective committees with the approval of the Chairperson of the Federation.

3.) Under Article X, Section 6 (Standing Committees, Education Committee)

The entire section is modified in order to effectively outline the consolidation of the Education Committee and the Annual Conference Committee.

~~The Education Committee shall be responsible for (a) recommending, coordinating and reviewing educational projects to be sponsored by the Federation in the light of current and emerging educational needs of municipal analysts and (b) working with Constituent Societies and the Annual Conference Committee chairs to coordinate educational functions, typically including at least two advanced seminars. The vice-chair of this committee automatically moves up to the chair the following year.~~

- a. Membership:** The Education Committee shall be chaired by the Secretary of the Federation and additionally consist of the chairpersons of the Advanced Seminar subcommittee, the chairpersons of the Annual Conference subcommittee, and two additional members selected by the Education Committee.
- b. Duties:** The Education Committee shall be responsible for providing general educational development and review for the Federation, including (1) establishing annual goals and agenda items for seminars and conferences sponsored by the Federation, (2) submitting proposals for such seminars and conferences to the Board for approval, (3) working with Constituent Societies to coordinate education functions, and (4) reviewing the composite selection of speakers and moderators at seminars and conferences held during the prior year.
- c. Subcommittee Structure:** The Education Committee shall be comprised of two (2) subcommittees: The Advanced Seminar subcommittee and the Annual Conference subcommittee. Each Subcommittee shall have two (2) co-chairs and be charged with the planning and implementation of their respective seminars or conference.

4.) Under Article XI (National Conferences)

Changes here serve to reflect the structure of the Annual Conference subcommittee. Note that the requirement for Board approval of conferences (and seminars) has been removed from the section below but included in Section 6, item c. above.

The NFMA shall hold an Annual Conference, when possible, in order to provide members with the opportunity to hear presentations, to meet with members of other Constituent Societies of the Federation, and to contribute their efforts to the overall advancement of the NFMA. Such conferences shall be sponsored by the Federation. ~~Proposals for such conferences shall be submitted to the Board for approval. The chairperson of the conference shall be appointed by the Chairperson of the Federation.~~ **The Annual Conference subcommittee shall be responsible for the planning and execution of the conference.**

5.) Under Article XII. Section 2 (Finances of the Federation, Annual Dues)

Changes here serve to reflect the newly established payment policy of annual dues.

The payment of annual dues is to be made by ~~January 1 of each fiscal year~~ **the expiration date of membership of each respective member**. The schedule of member dues for both regular members and for affiliated individual members shall be reviewed annually by the Finance Committee so as to determine their appropriateness given the then current financial requirements of the Federation. The Board of Governors may, by a two-thirds vote of those governors present, revise the schedule of dues.



www.nfma.org

Member's Only Benefits of the NFMA web site include:

1. Access to the Job Bank;
2. Access to Meeting Handouts in the Member Center;
3. Access to the Online Directory and Advanced Search functions, allowing you to view analysts by specialties, locations, firms, etc.;
4. Access to the Membership Lists page in the Member Center, with links to each society's membership lists and the Board of Governors;
5. Ability to view and edit your own profile, including adding a photo and information about your education, specialty and firm type;
6. Ability to view all Receipts for Dues and Registration Fees paid to/through the NFMA. Open My Profile, and click on View Receipts – then open the receipt and click on the printer icon – to open a printable receipt.

NFMA