

Municipal Analysts

MARCH 2012 VOL 22, NO. 1

BULLETIN



LETTER FROM THE CHAIRMAN

To describe 2011 as an eventful year in the municipal bond market is something of an understatement. 2012 can be expected to bring more volatility and challenges, and the NFMA will continue to strive to promote professionalism in municipal credit analysis and furthering the skill levels of its members.

We are off to an excellent start in 2012 – in January we held our Advanced Seminar on Real Estate Backed Bonds in Denver which was well attended. Thanks to Seminar co-chairs Scott Andreson and Jason Kissane for their hard work on this. By now you should have received the brochure for our Annual Conference which will take place from April 17-20th at the Four Seasons hotel in Las Vegas. Our conference co-chairs, Geoff Buswick and David Belton, have an outstanding job in assembling some especially timely panels. We are especially pleased to welcome Mary Miller, Assistant Secretary for Financial Markets at the U.S. Treasury, as our keynote speaker.

The NFMA continues to serve our members as an advocate for improved transparency and investor protection. We are completing a number of disclosure projects, including revised Recommended Best Practices papers for Healthcare, Housing, and GO and Dedicated Tax. These update earlier papers published more than a decade ago. Our draft Recommended Best Practices for Variable Rate and Short-Term Securities is also on our website.

To date in 2012, NFMA officers have presented our views at the MSRB Roundtable and to the National Association of Bond Lawyers. The NFMA also continues to work on a group assembled by NABL to increase market understanding of state and local pension information. And we are embarking on a new effort with various industry groups to address bank loan disclosure.

As chair I have put forth a number of initiatives in 2012 with the aim of improving engagement with our membership, advocating issues of importance to the municipal finance industry, and enhancing our institutional viability and effectiveness. One of these initiatives will result in the NFMA recognizing several issuers for excellence in disclosure. We will be sending out a ballot to all members later in March and look forward to your participation. The awards will be presented at our annual conference.

It is an honor to serve as this year's NFMA chair, and I look forward to working with 2012's officers: Greg Clark, immediate past chair; Jeff Burger, Vice-Chair; Susan Duschock, Treasurer and Jennifer Johnston, Secretary.

I cannot conclude without thanking all of the volunteers who make the NFMA a successful organization. I especially want to thank our professional staff – Executive Director Lisa Good and Betsy Harkins – whose hard work has made us stronger and more effective. In spite of the market turmoil and dislocation in recent years, our membership is up to more than 1200, and our conferences and seminars have achieved record attendance.

Finally, I would like to remind our members that the NFMA is your organization. Please go to your website – www.nfma.org – login in the upper right hand corner, and then click on 'Member Center' which includes a membership directory, a repository of meeting handouts, and a job bank. And as always please reach out to us with any comments or suggestions.

Greg Aikman

Greg.Aikman@bnymellon.com

The 2012 Excellence in Disclosure Award

At its inaugural meeting in January, the 2012 NFMA Board of Governors granted its support for the annual recognition by the NFMA of an issuer or issuers who “demonstrate excellence in disclosure practices by providing to the market timely and useful credit information and accessibility of management.” Accordingly, the Board Chair and Disclosure Committee announce the formation of the NFMA Excellence in Disclosure Award – a special recognition presented annually to those issuers who most represent NFMA best practices in disclosure, as determined by the vote of NFMA membership.

For 2012, current and past Disclosure Committee and Subcommittee chairs and co-chairs, as well as current Board members, have been invited to submit issuer nominees – along with a brief written rationale for nomination – in the three categories of general government, government enterprise and not-for-profit enterprise. The disclosure practices of each nominee will undergo review, with three to five nominees from each category ultimately chosen as finalists. The finalists will then be presented to the full NFMA Membership for consideration and vote. Award recipients will be announced and recognized at the Annual Conference.

The ballot of Award finalists will be sent to Membership via email in mid- to late March. Thank you in advance for your participation.

Bill Trauner and Mary Francoeur

BMAF

Boston Municipal Analysts Forum

The BMAF would like to thank Rick McBain of Deutsche Bank for his leadership through 2011, as he was instrumental in leading a number of very informative presentations for the BMAF throughout the year. We are also excited that Sweta Singh of Breckinridge Capital Advisors has joined our board as Treasurer.

The BMAF's first event of 2012, occurred on February 1st at the offices of Mintz, Levin in Boston, where attorneys Bill Kannel and Adrienne Walker spoke to the BMAF about developments in Chapter 9 municipal bankruptcies. Over 50 BMAF members attended the event, and a number of members have commented on how informative the session was.

For the BMAF's second event of the year we will host Gina Raimondo, the State Treasurer of RI. This should be an interesting session, as the State of RI recently passed a statutory lien that gives GO bondholders a first priority on any property tax levy, and they are in the process of implementing significant pension reforms. Also on April 26th, we will host Professor Karl Case (who helped to develop the Case-Shiller real estate index), to hear his thoughts on the state of the real estate market.

Bill Delahunty

INDUSTRY PRACTICES

The Industry Practices Committee provides a means by which NFMA conveys our views regarding the municipal finance industry. The following projects are underway:

- > Working with the Disclosure Committee and members of a group headed by the National Association of Bond Lawyers (NABL) on a project that is intended to enhance primary market disclosure of pension information,
- > Cooperating with other industry participants to enhance disclosure regarding bank bonds, a rapidly growing means by which issuers are accessing capital,
- > A project regarding standards for interim (e.g. quarterly) disclosure for municipal issuers, and
- > Trying to develop a means by which industry standards for reporting uses of bond proceeds might be improved.

If you are interested in these projects or have other ideas that you would like to bring to our attention, please feel free to contact us at

gclark@concordiapartners.com or
lwashburn@mma-research.com.

*Greg Clark and Lisa Washburn,
co-chairs*



EDUCATION COMMITTEE

Advanced Seminar

A special thanks to all the moderators and panelist that made our January Advanced Seminar in Denver on Real Estate Backed Bonds so successful. Attendance was an all time high reflecting the educational and timely program. We are in the planning stage for the 2012 Fall Advanced Seminar, please contact Lisa Good (lgood@nfma.org) with any suggestions. Please join me in welcoming Rachel Cortez as our new co-chair. Finally, I would like to thank Scott Andreson for his time and service as Advanced Seminar co-chair over the past two years.

Jason Kissane



CMAS wrapped up a great year of events in 2011 with our annual holiday party which was held at Eno Wine Room at the Intercontinental Hotel in Chicago. Members enjoyed the casual atmosphere and the ability to move about and catch up with fellow analysts. We then kicked off 2012 in January with a 2012 Economic/Market/Sector Outlook hosted by Mesirow Financial. The very strong panel included an economic outlook from Diane Swonk of Mesirow, a municipal market outlook from Chris Mier of Loop Capital Markets and sector outlooks in healthcare from Rachel Cortez of Moody's, higher education from Doug Kilcommons of Fitch and state and local governments from Steve Murphy of Standard and Poor's. We had a record turnout and very positive feedback from members on content and the venue. In February, David Bean of GASB provided an update on the Preliminary Views on Economic Conditioning and Reporting focused on Financial Projections at Patterino's restaurant in Chicago. This presentation provided members with an opportunity to review and discuss the Preliminary Views ahead of GASB's due date for comments on March 16.

The 2012 CMAS Board held their first board meeting in February to review our member survey and make initial plans for the 2012 presentation calendar. Along with great feedback from our CMAS members on topics they are most interested in this year, we also solicited feedback on a possible CMAS member sponsored charity event. We received some great ideas on ways that our membership could give back to the community and we are looking to potentially align our mission of education with that of charities in the Chicago land area. We look forward to adding these events to our calendar and providing members an opportunity to share their knowledge and good fortune with those in need. We also look forward to another great year of presentations and continued support of our members and sponsors who made 2011 so successful.

John Schorle



Southern Municipal Finance Society

We have added two exceptional board members, Barnet Sherman from TIAA-CREF and Reid Tomlin from Wasmer and Schroeder. We look forward to working with them and using their wealth of experience to continue to offer great education forums. Our education chairs, Dennis Whittaker and Jason Diefenthaler, will be presenting their education proposal for 2012 the SMFS board. Please watch your e-mail for upcoming education events. I encourage any SMFS members to volunteer for planning of future events. We appreciate any help or insight to continue to offer valuable education programs to our membership. Feel free to contact any board member. Finally, we would welcome any input for topic ideas of interest for lunches or conferences. We appreciate your input.

Julie Egan



GASB Advisory Council Meeting Update

A GASB Advisory Council (GASAC) was held November 10th and 11th, 2011 in New York. Covered items included:

- > The release of a Preliminary Views (PV) on Fiscal Projections (formerly referred to as Fiscal Sustainability). GASB Chairman Bob Attmore commented that although the project is not about governments predicting the future, this project is in response to the user and analyst community who expressed a need for more projections. Items that GASB believes are necessary to assess a government's financial condition include:
 - Projections of cash inflows and cash outflows, with explanations of the known causes of fluctuations
 - Projections of the financial obligations, including bonds, pensions, other postemployment benefits, and long-term contracts, with explanations of the known causes of fluctuations
 - Projections of annual debt service payments, including principal and interest
 - Narrative discussion of governments' dependencies on other governments to provide its services.

The document was released in late November, and comments are due March 16th. A committee of NFMA volunteers has formed and is working toward preparing a comment letter for GASB. The full version of the PV is at http://www.gasb.org/cs/ContentServer?site=GASB&c=Document_C&pagename=GASB%2FDocument_C%2FGASBDocumentPage&cid=1176159500453.

- > GASB continues its redeliberation of Pension proposals in the Exposure Drafts. As of the November 2011 GASAC meetings, GASB was projecting a June 2012 statement release. OPEB work projects are on hold until the pension projects are completed.
- > The Financial Accounting Foundation (FAF), which oversees GASB and FASB, continues to work toward securing a permanent funding source for GASB. As of February 13, 2012, FINRA presented the SEC with a summary of comments received regarding the proposed fee and method of collection.

The first of three 2012 GASAC meetings will be held March 8-9, 2012 at GASB's offices in Norwalk, CT. Projects to be discussed by GASB staff include:

- > Financial Guarantees
- > Pension Accounting and Financial Reporting
- > Fair Value Measurement and Application
- > GASB agenda priorities (list follows)

Electronic Financial Reporting	Financial Performance Measurements	Present Value
Fiduciary Responsibilities	Financial Transactions with Characteristics of Both Loans and Grants	Preservation Method
GAAP Hierarchy	In-Kind Contributions	Reporting Unit Presentations
Leases	Interim Financial Report	Tax Abatement Disclosures
Asset Retirement Obligations	Irrevocable Charitable Trusts	
Exchange-like Revenues	Popular Reporting	

If any of these priorities is of interest to you, please contact me at mary.cooney@moodys.com.

Mary Kay Cooney – NFMA Representative



We had our annual Holiday Social Event on December 15th. It was a joyous occasion that was well-attended. We awarded the Amy S. Doppelt Meritorious Award to a very surprised and well deserving CSMA member, Jennifer Johnston of Franklin Templeton. The award will be given annually to a CSMA member who demonstrates outstanding service, industry contribution, education focus and social consciousness.

We have 2 new additions to the 2012 CSMA Board. Mark Capell from Assured Guaranty was voted in for the at-large position and Lisa Shirley from Franklin Templeton joined the Board in the Vice-Chair role.

We had a successful CSMA luncheon on February 16 that featured Edward DeSeve. Mr. DeSeve is a consultant to the State Budget Crisis Task Force that is evaluating California's Fiscal Condition. He also is a former Senior Advisor to President Obama, Founder of Public Financial Management and Professor at the University of Maryland. We had over 70 attendees.

Finally, we have a CSMA luncheon planned for March 21st at Credo Restaurant in San Francisco. Our keynote speaker will be Steven Cochrane of Moody's Analytics. Dr. Cochrane will lead us in a discussion of the current state of the California economy and where we might be headed. Dr. Cochrane will also talk about the broad outlook for the U.S. economy, how each region is contributing to the economic recovery and prospects for growth in California specifically. His analysis includes a discussion of key drivers of economic activity and how those factors vary between different regions in the state.

Terry Goode

MSMA

Minnesota Society of Municipal Analysts

The group had an excellent year under Todd Emerson's (Sit Investments) leadership, and we would like to thank him for his years of service to the group. During 2011 we held five educational luncheons and two social events, all of which were very well attended by our growing membership. In 2012, Allen Hoppe (Met Council) has moved up to become Vice President, with Brian Olson (Piper Jaffray) assuming the role of Secretary/Treasurer. The Board also includes two at-large members: Tim Russell (US Bank) has agreed to stay on and we welcome Ty Schoback (Columbia Management), new to the Board this year.

There was great turnout among our members in early December for MSMA's traditional holiday gathering at "The Local" in downtown Minneapolis. Our first 2012 luncheon was sponsored by RBC Capital Markets on January 19th, where over 40 members heard RBC's head of municipal strategy, Chris Mauro, give his outlook for the municipal bond market. Plans are underway for at least two additional meetings to be held this spring in addition to our summer social—already scheduled for Wednesday evening, June 13th, to watch the Twins vs. the Phillies at Target Field.

Judith Harvey



MAGNY

Municipal Analysts Group of New York

MAGNY's 2012 season themed "**Restoring Trust**", has continued with several very well-received luncheons.

Hydraulic Fracturing ("Fracking") - What Municipal Bond Analysts Need to Know opened 2012 on January 20th. Panelists included: Kathryn Garcia - Deputy Commissioner for Operations – NY City Dept. of Environmental Protection; Bill Holman - Director of State Policy - Duke University's Nicholas Institute for Environmental Policy Solutions; Kathryn Klaber - President - Marcellus Shale Coalition; and Gary Krellenstein, Senior Analyst at Kroll Ratings.

The Outlook For Municipal Bonds - A Roundtable Discussion was presented on February 17th. Panelists included Joe Dean of PIMCO, Sean Carney of Blackrock, George Friedlander of Citigroup, and Matt Fabian of MMA.

All luncheons have been sold out shortly after they have been announced. MAGNY opened the **Fracking and Market Outlook** luncheon presentations to all NFMA members, and over 75 members have taken advantage of this new member perk. In addition, the Market Outlook luncheon was videotaped and put up on the internet.

Medicaid and the States will be discussed at a luncheon on March 16th. Panelists include: Robin Prunty of S&P; Robin Rudowitz of Kaiser Family Foundation and Jason Helgerson who serves as the NY State Medicaid Director.

For the April 13th luncheon, MAGNY is returning to its roots and calling for member presentations. These **Members Only** presentations have a rich history. When MAGNY was founded in 1949 as a fraternal organization to advance the knowledge and professional growth of municipal analysts, participants could lose membership privileges if a speaking invitation was declined too often.

MAGNY will hold a social event at the New York City office of National Public Finance Guarantee Corp. on May 17th.

Dan Berger

2012 Committee Chairs

Committee	2012 Chair	2012 Co-Chair
Awards	Greg Clark	
Communication	Jeffrey Burger	Mary Francoeur
Disclosure	Bill Trauner	Mary Francoeur
Education	Jennifer Johnston	
Advanced Seminar Subcommittee	Jason Kissane	Rachel Cortez
Annual Conference Subcommittee	David Belton	Geoffrey Buswick
Introductory Course	Anne Ross	
Finance	Susan Dushock	
GASAC	Mary Kay Cooney	
Industry Practices	Greg Clark	Lisa Washburn
Membership	Jeffrey Burger	Julie Egan
Nominations	Greg Clark	
Sponsorship	Julie Egan	Mary Francoeur



Left to right, first row: Julie Egan, Rachel Cortez, John Schorle, Matt Fabian, Dan Berger, Lisa Washburn, Mary Kay Cooney, Jennifer Johnston, Judith Harvey, Mary Francoeur. Second row: Greg Aikman, Geoffrey Buswick, Alex Fraser, Greg Clark, Scott Andreson, Bill Delahunty, Bill Trauner, Jason Kissane, Terry Goode.

2012 Board of Governors

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* Executive Committee Member



NFMA TWENTY-NINTH ANNUAL CONFERENCE

29th Annual Conference

The 2012 NFMA Annual Conference will be held April 17-20 at the Four Seasons Hotel in Las Vegas, Nevada. The Conference Committee has been hard at work putting together the Conference agenda, and we are excited about panel topics and speakers. Our keynote speaker is Mary Miller, Assistant Secretary for Financial Markets, U.S. Department of Treasury. We will also hear from Nevada State Treasurer Kate Marshall. Conference panels cover a broad range of relevant and thought-provoking topics, including the current political climate, the aging of the US and its effects on municipal credit, pensions and OPEBs and the industry roundtable. The breakout sessions offer a great opportunity to get a more in depth look at specific sectors or learn something new. This year's breakouts will discuss airports, K-12 funding, water and economic development and historic municipal defaults. There will also be a brown bag luncheon on major Nevada issuers and a guided bus tour of Las Vegas, both optional. Finally, there will be a session with GASB representatives to allow feedback on the recently released preliminary view on economic conditions and forecasts. We hope to see you in April in Las Vegas. You can review the agenda and get information on how to register at www.nfma.org.

David Belton

Geoffrey Buswick



NFMA Sponsors 2012

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THANKS to all of our 2012 sponsors!

Sponsorship Opportunities: Contact **Lisa Good**, NFMA Executive Director, at 412-341-4898, or lgood@nfma.org, if your firm is interested in being a sponsor.



Mark your calendar for the Twenty-Ninth Annual Conference.

Four Seasons Las Vegas

Las Vegas, Nevada

April 17 – 20, 2012



You can see agenda and get information
on how to register at www.nfma.org.

NFMA CALENDAR

March 16, 2012 – MAGNY

Luncheon, Medicaid and the States,
New York, NY

March 21, 2012 – CSMA Luncheon,
Economic State of the State, San
Francisco, CA

April 13, 2012 – MAGNY Luncheon
– Members Only Presentation,
New York, NY

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

April 26, 2012 – BMAF Meeting,
State of the Real Estate Market,
Boston, MA

May 17, 2012 – MAGNY Social,
New York, NY

June 13, 2012 – MSMA Social,
Baseball Game, Minneapolis, MN

November 29 – 30, 2012 – NFMA
Introduction to Municipal Bond
Credit Analysis, Philadelphia, PA

April 30 – May 3, 2013 – NFMA
30th Annual Conference, Westin
Gaslamp, San Diego, CA

NFMA

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

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