

215-5866656

To: Board of Governors,
National Federation of Municipal Analysts

August 26, 1983

From: William J. Poutsiaka, Acting Secretary

Re: NATIONAL FEDERATION OF MUNICIPAL ANALYSTS, MINUTES OF AUGUST 4-5, 1983

PARTICIPANTS

On August 5, 1983, representatives of certain regional municipal analyst groups, and other individuals meeting at the New York offices of E. F. Hutton & Company, Inc. formally organized the National Federation of Municipal Analysts (NFMA). In attendance were the following persons:

	<u>Group Represented</u>	<u>Address & Phone Number</u>
George P. Gregorio	Municipal Analysts Group of New York (MAGNY)	E. F. Hutton & Company, Inc. One Battery Park Plaza New York, New York 10004 (212) 742-7274
Jeffrey B. Noss	Municipal Analysts Group of New York	²⁰⁸⁻⁵²²⁵ Roosevelt & Cross Inc. 20 Exchange Place New York, New York 10005 (212) 344-2500
Melinda Allen Crosby	Southern Municipal Finance Society	NCNB National Bank Charlotte, North Carolina 28255 (704) 374-5062
Lydia J. Long	Southern Municipal Finance Society	Alex. Brown & Sons One James River Plaza Richmond, Virginia 23219 (804) 644-8000
Lisa S. Good	Individual analysts from Pittsburgh, Pa.	Pittsburgh National Bank Fifth Avenue and Wood Street Pittsburgh, Pa. 15222 (412) 355-2657
Richard A. Ciccarone	Chicago Municipal Analysts Society	American Portfolio Advisory Service, Inc. Subsidiary of Van Kampen Merrit, Inc. 1901 N. Naper Boulevard Naperville, Illinois 60566 (312) 369-8880
Thaddeus P. Vannice	Chicago Municipal Analysts Society	Continental Illinois National Bank and Trust Company of Chicago 231 South LaSalle Street Chicago, Illinois 60693 (312) 828-4711

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William J. McCarthy

Society of Municipal
Analysts; Analysts
Anonymous

Fitch Investors Service, Inc.
5 Hanover Square
New York, New York 10004
(212) 668-8323

William J. Poutsiaka

Boston Municipal
Analysts Forum

Liberty Mutual Insurance Company
175 Berkeley Street
Boston, Massachusetts 02117
(617) 357-9500

OPENING DISCUSSION

The opening discussion centered on the positions of the various groups represented regarding the formation of a national organization.

Southern Municipal Finance
Society:

The Southern group will be a participating Member Society in the Federation. Their commitment was made without qualification.

MAGNY:

Members of MAGNY voted in June to join the Federation provided that accreditation (certification) was not a "stated goal." Accreditation (discussed later) was not specifically incorporated into the Federations Statement of Purpose. As such, MAGNY representatives indicated their organization would become a Member Society.

Pittsburgh:

Lisa Good stated that there are no immediate prospects for the formation of a regional group in Pittsburgh. However there are a number of individuals interested in joining a national organization if there were provisions for them to do so. A "non-affiliated" membership status was, in fact, established at this meeting.

Chicago:

It was reported that the members of The Chicago Municipal Analysts Society had voted their approval of both the Federation and the concept of accreditation.

Society of Municipal
Analysts; Analysts
Anonymous:

Bill McCarthy did not expect that either of the two groups he was representing would pursue membership in the Federation. He did express a personal interest in working with the NFMA.

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Boston:

The Boston Municipal Analysts Forum will vote at its September meeting on whether to become a Member Society. The vote will in large part be determined by the specifics produced at this meeting concerning the Federation's objectives (including certification), structure, administration, funding, membership requirements, and degree of influence on the activities of the Member Societies. The organizational framework and commitment of time necessary for the successful operation of a larger national society could conflict with the informal orientation and limited membership policies adhered to by the Forum.

STATEMENT OF PURPOSE AND PRIMARY ACTIVITIES

The meeting participants adopted the following Statement of Purpose for the NFMA:

The NFMA is an association of analysts' societies and affiliated individuals dedicated to promoting professionalism in municipal credit analysis and evaluation, and to fostering communication among its members.

Activities in five principal areas were considered as the means by which the Federation could evolve into an effective organization, making substantive contributions to the field of municipal analysis.

1. Education: The creation of an Education Program, not necessarily associated with a certification process, will be incorporated into the overall efforts of the NFMA. Other professional organizations, such as the FAF and CFA, have also assigned a high priority to such programs. A number of different possible approaches were raised at the meeting, including periodic publications and seminars. One alternative discussed was seminars offered in cooperation with interested educational institutions.
2. National Conferences: The NFMA will hold National Conferences when possible to provide members with the opportunity to hear presentations, meet with other members from different geographic regions, and contribute their efforts to the advancement of the NFMA. Such conferences will, in all likelihood, be sponsored by Member Societies. Proposals can be submitted to the Board by anyone wishing to arrange a conference. Financial policies with regard to these meetings were not definitive. The first National Conference was tentatively planned for the Spring of 1984 to be held in Chicago.
3. Code of Ethics: A suggested Code of Ethics will be adopted and distributed to each member of the Federation. Initially, continued NFMA membership will not depend on an individual's acceptance of the Code. Sensitivity to the legality of any type of enforcement prompted a conservative approach initially. An Ethics Committee will have the responsibility of writing the Code and submitting it to the Board of Governors for ratification.

4. Accreditation: The question of accreditation continues to elicit divergent viewpoints. MAGNY is opposed to any type of certification. The Chicago Society felt that the national organization should first establish itself as a functioning entity, after which the topic of certification could be considered. The Boston group was opposed to a categorical rejection of accreditation without having conducted additional research. Although accreditation is clearly not a stated objective at this time, it was viewed by the participants as having enough importance to warrant further examination. It was recommended that a Committee (Education?) undertake a full review of this question and all the associated implications of a certification program. A report based on this review will be submitted to the Board of Governors.
5. Newsletter: Paul Daniels has indicated that Nuveen will, for one year, write, print and distribute a newsletter on behalf of the NFMA. Kathryn Bateman in the Research Division at Nuveen will have primary responsibility for the newsletter, working in cooperation with the NFMA Publications Committee. It is anticipated that subject areas for the newsletter could include notification of scheduled Member Society meetings, abstracts from those meetings, analytical material of interest to members (without endorsing any specific method of analysis, or issuer in particular), a list of publications, and employment listings.

MEMBERSHIP AND ORGANIZATIONAL STRUCTURE

Matters related to membership parameters, organization, and administrative responsibilities were discussed. Several committees were established for the purpose of researching all factors affecting the operation of the Federation. Certain basic policies were preliminarily outlined at the meeting.

1. Location of NFMA: The principal office of the Federation will be located at such place as the Board of Governors may determine.
2. Incorporation: Incorporation will not be pursued at this time.
3. Membership: Individuals who have a full membership status in any Member Society that is in good standing with the Federation will be a member of the Federation. Persons may also individually apply to the Membership Committee if they do not belong to one of the constituent societies ("non-affiliated" members).
4. Administration: The general affairs of the NFMA will be administered by a Board of Governors. Procedures addressing the formation of the Board reflected general agreement on the need to (1) maintain continuity, particularly in the initial years of the organization; (2) achieve equitable representation; and (3) involve as many different persons as practically feasible. Each Member Society will have the option of placing two persons on the Board, irrespective of the size of their group, in the first year (November 1, 1983–October 31, 1984). In addition, there will be two Board seats to allow for the representation of non-affiliated NFMA members, and two At-Large Governors serving at the pleasure of the Board. All categories will increase to three persons beginning in the second year. Board terms will be for three years, staggered in such a way that each Member Society will have a new representative on the Board annually. Should a person resign from the Board of Governors prior to expiration of his (her) term, the constituent society may place a person on the Board for the balance of the term. Board members cannot serve for successive terms.

Formal Board meetings will be called by the Chairman at least once yearly and will require a two-thirds quorum. All decisions will be made by a majority vote (one vote per member), with the Chairman carrying an additional vote to become operative only in the case of a tie. "Meetings" may be held and business conducted via phone or mail. Votes and/or substitute representation may be carried out by proxy. Meeting format will be informal with "Robert's Rules" consulted if necessary.

The Board will annually elect a Chairman, Vice Chairman, Secretary, and Treasurer. Elections will take place prior to November 1, with terms beginning December 15 or the first business day thereafter.

All participants at the meeting will be included as initial members of the Board of Governors. Bill McCarthy will serve as a Governor At Large, Lisa Good as a Governor representing non-affiliates, and Bill Poutsiaka as an Acting Governor depending on the final position taken by the Boston Municipal Analysts Forum. In addition, it was recommended that an invitation be extended to Paul R. Daniels of Nuveen to take an At-Large Board seat. Officers were elected as follows:

- Chairman: George P. Gregorio
- Vice Chairman: Richard A Ciccarone
- (Acting) Secretary: William J. Poutsiaka
- Treasurer: Lydia J. Long

The possibility of ultimately utilizing full-time personnel to coordinate activities or work on NFMA development was not discussed.

- 5. Committees: It became apparent that several areas would require more comprehensive consideration before establishing specific policies or guidelines. Committees were created for this purpose and to perform reviews on an ongoing basis. Each Member Society would have the option of appointing a representative to serve on the various committees. The Board Chairman will serve as an ex officio member of each committee.

<u>Committee</u>	<u>Committee Chairman</u>
Membership	Vice Chairman of NFMA, and Lisa S. Good (Appointed)
Publications	Secretary of NFMA
Finance Committee	Treasurer NFMA
By-Laws	Appointed - Thaddeus P. Vannice
Ethics	Appointed - William J. McCarthy
Awards	Appointed - Jeffrey B. Noss
Education	Appointed - Melinda Allen Crosby

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FINANCES

NFMA expenses will be provided for by dues received annually from its members. An annual budget, corresponding to the November 1-October 31 operating year, and a mid-year interim report will be submitted by the Treasurer to the Board of Governors for approval. Annual dues for non-affiliated members were set at \$25.00 per person for the first year. Dues from Member Societies will be based on budgetary needs and the proportion of total NFMA membership accounted for by the constituent societies. Dues payable by Member Societies were set at \$5.00 per person for the first year. Payments are to be made by January 1, and the amount of dues in subsequent years will be derived from membership data as of the preceding November 1.

OTHER MATTERS

1. Autonomous Member Societies: The participants reaffirmed the concept of Member Society autonomy, without qualification, principally as outlined in Paul Daniels' letter of April 8, 1983:

"The proposed Federation is being structured so that it will not in any way encroach upon the autonomy of the constituent societies. In particular, membership requirements for the constituent organizations are to be determined completely and solely by them. In addition, each society is expected to determine its own method of selecting its representatives on the Federation's Board. There will need to be membership requirements for affiliated individual members (those in geographical areas not covered by one of the constituent societies), but these requirements will not apply to the individual members of societies, each of whom will automatically become a member of the national Federation. This is similar to the pattern followed by the Financial Analysts Federation and its member societies, the regular members of which become 'fellows' in the FAF."

2. Formation of Member Societies: The NFMA will encourage the formation of Member Societies. Rich Ciccarone has had discussions with people in Hartford, Los Angeles and San Francisco.
3. Committee progress reports will be forwarded to George Gregorio by October 1, 1983.

A brief statement made to the Bond Buyer is attached for reference.

William J. Poutsiaka

William J. Poutsiaka
Acting Secretary

Attch.