



The Education Committee of the  
National Federation of Municipal Analysts

**ADVANCED SEMINAR**  
on  
**TAX-BACKED BONDS AND FEDERAL  
INTERVENTION, REFORM AND  
INFLUENCE OVER THE MUNICIPAL  
MARKET**

February 11 & 12, 2010  
Four Seasons Resort  
Palm Beach, Florida

**PROGRAM**

**Thursday, February 11**

- 7:30-8:00 a.m.      *Registration and Continental Breakfast*
- 8:00-8:10 a.m.      *Opening Remarks*  
*Jeffrey B. Burger, Standish Mellon Asset Management, Seminar Chairman*
- 8:10-9:30 a.m.      *The DC Impact on (or Menace to) Municipal Credit*  
The financial crisis has encouraged the most direct Federal intervention in the municipal market in twenty years. This panel will focus on the latest policy developments in areas directly concerning credit analysts, including rating and disclosure reform and transactional securities law. We'll also discuss how broader changes to the regulatory structure could affect our industry and the future of its participants.  
  
*Moderator: Matt Fabian, Managing Directory, Municipal Market Advisors*  
*Panelists: Chirag Mehta, SEIU; Robert Doty, President, AGFS; Dean Pope, Esq., Partner, Hunton & Williams*
- 9:30 – 9:45 a.m.      *Break*
- 9:45 – 11:00 a.m.      *A Review of US Territory Credits*  
Trading differentials on territory paper (Puerto Rico, Guam, and the Virgin Islands) exist; as such are we as analysts missing a credit fundamental, buying opportunity or other legal element, or do we as analysts disagree with the rating assignments? The session will cover pricing differences, credit fundamentals, and some new issues that are in the pipeline for 2010.

Moderator: *Yaffa Rattner, Managing Director, Piper Jaffray*

Panelists: *Scott Rykert, Senior VP, Municipal Trading Capital Markets Group Advisors Asset Management; Jennifer L. Johnston, VP/Analyst-Municipal Bonds Franklin Templeton Investments; Anthony Blaz, Administrator and Tina Garcia, Deputy Administrator, Guam Economic Development Authority; Bertha M. Duenas, Director, Bureau of Budget and Management Research, Government of Guam*

11:00—11:15 am

***Break***

11:15–12:30 pm

***The Doctor is In: A Check-up on State Fiscal Stress and How Analysts Can Use New Data Resources to Make Better Credit Decisions***

This panel will use data to evaluate tax-backed issuers of municipal debt with emphasis on tax structure and relative performance during the recession—we will contrast Florida and California. Are analysts relying on outdated measurements for predicating credit performance? How can this data be used to measure future fiscal sustainability? We will consider liquidity, leverage, and liabilities beyond debt service such as QSPBs, OPEBs, and pension funding. How will states manage expenditures? On the revenue side, how are states performing at revenue estimating and identifying new revenues? Some have used federal support to balance budgets. Will it continue to be there?

Moderator: *Joan Allman, First VP, Ambac*

Panelists: *Gabriel Petek, CFA, Director, Credit Market Services, Standard & Poor's Corporation; Richard Ciccarone, Managing Director and Chief Research Officer, McDonnell Investment; Natalie Cohen, President, National Municipal Research, Inc.; Howard Finch, PhD, Department Chair of Economics & Finance, Alico Chair in Financial Management and Planning, Florida Gulf Coast University*

12:30-2:15 p.m.

***Luncheon Speaker: Sam Chandan, PhD***

President and Chief Economist Real Estate Econometrics & Adjunct Faculty of Real Estate, The Wharton School

2:15- 3:15 p.m.

***Municipal Tax Credit Bonds- The Evolution of a New Security***

The ARRA Stimulus Act created a variety of new tax subsidy bonds in an effort to expand the universe of cross over buyers participating in the municipal bond market. Although issuance volume for these tax subsidy bonds has increased, market acceptance remains a challenge. The panelists will discuss the mechanics of the bonds, the obstacles the creators of these securities have faced, the solutions that have been formulated, and the legal and credit issues tax subsidy bonds expose investors to. The panel will include individuals with investment banking, legal, investment, and credit expertise.

Moderator: *Rich Raphael, Public Finance Group Manager, Fitch Ratings*

Panelists: *Kemp Lewis, Managing Director, Morgan Keegan and Co.; Doug Lamb, Partner, McGuire Woods; James Pass, Managing Director, Guggenheim Partners*

3:15-3:30 p.m.

***Break***

3:30-4:45 p.m.

***Navigating the Known and the Unknown: Understanding the Implications of Municipal Insolvency When Chapter 9 is Available and When It is Not...***

Through the lens of the City of Vallejo chapter 9 bankruptcy case and the financial problems (and possible chapter 9) of Jefferson County, AL, the panel will explore municipal insolvency and debt enforcement from the perspective of the municipality, the credit providers and various other interested parties. We expect to discuss the following topics: (i) why an issuer might decide to utilize chapter 9 and what happens if it cannot or will not file; (ii) benefits and challenges of resolving issues inside rather than outside of chapter 9; (iii) how creditors should proactively engage in the debt restructuring process for optimal outcome; and (iv) whether the special revenue bondholder is better off than the GO bondholder inside and outside of a chapter 9 case.

Moderator: *Stephen Stowe, CFA, Credit Research Associate, Samson Capital Advisors LLC*

Panelists: *Slate Dabney, Partner, King & Spalding (Counsel to FGIC and Syncora in connection with \$3.2 billion of credit insurance issued to back sewer debt of Jefferson County); Marc Levinson, Partner, Orrick, Herrington & Sutcliffe LLP (Bankruptcy Counsel to the City of Vallejo, CA); James Schwartz, Managing Director, Blackrock*

5:00-6:00 p.m.

***Cocktail Reception***

**Friday, February 12**

8:00-8:30 a.m.

***Continental Breakfast***

8:30-9:45 a.m.

***Tax Increment and Assessment Bonds-Trouble Ahead; Trouble Behind...?***

The crashes in the residential and commercial real estate markets have taken a heavy toll on tax increment and special assessment bonds. Uncertainty as to the timing of a recovery in the housing market, as well as a sense of a shoe about to drop on the commercial real estate market, raise justifiable credit concerns for analysts. These concerns are compounded by the dearth of new issuance and secondary market trades resulting in a particularly challenging environment for bondholders who hold or need to trade these securities. This panel will address how to evaluate these real-estate related credits and shed some light on how credit is impacting trading values. The panel will include real estate, tax increment and pricing experts to bring it all together.

Moderator: *Debra Saunders*

Panelists: *Oren Cytrynbaum, Associate , CB Richard Ellis; Matt Dowley, Managing Director, Piper Jaffray; Kenneth E. Powell, Managing Director, Public Finance, Stone & Youngberg LLC; David Mealy, Principal, Urban Analytics, LLC*

9:45 – 10:00 a.m.

***Break***

10:00 – 11:15 a.m.

***Build America Bonds (BABs) Then and Now***

BABs seem to have taken hold in the taxable market. Issuers like them and so

do the new breed of investors buying them. How do BABs compare with other taxable products? What are the chances for program extension? What is treasury thinking? Are the mechanics working? Are there credit implications for issuers or holders of traditional debt? What are the advantages to issuers? Our panelists will address these and so many other questions.

Moderator: *Susan Dushock, Director, Columbia Management*

Panelists: *Bob Bengtson, VP, Goldman Sachs; Meghan Burke, Attorney, Mintz, Levin; Edie Behr, VP, Moody's Investors Service; Ben Watkins, Director, State of Florida Division of Bond Finance*

11:15 – 11:30 a.m. **Break**

11:30 -12:45 p.m. ***The Impact of Project Risk on Credit Profile***

Issuers sometimes enter into financial contracts that turn out to be unaffordable due to overly optimistic projections that end up underperforming. These ill-fated endeavors are usually attempts at bolstering the local economy but can backfire and risk dragging the issuer's credit profile down with it. This session will explore through case studies past mistakes and highlight warning signs. Additionally, the relationship between the issuer, its project, and direct and indirect debt (such as moral obligation, annual appropriation, general obligation, revenue, etc.) will be discussed as well as how long the distressed project weighs on an issuer's general credit rating.

Moderator: *Ted Damutz, VP, Moody's Investors Services*

Panelists: *Brian Tournier, Director of Credit Analysis, Stern Brothers & Co; Hadley Peer Marshall, VP, Goldman Sachs; Deron Kintner, Deputy Director and General Counsel, Indianapolis Local Public Improvement Bond Bank; Derek Bonifer, Director, BMO Capital Markets*

12:45 p.m. ***Seminar Adjourns***

*The views expressed at the Advanced Seminar are those of the Panelists alone and do not necessarily represent those of the National Federation of Municipal Analysts.*

## **EDUCATION CO-CHAIRS**

*Jeffrey B. Burger, Standish Mellon Asset Management, NFMA Education Committee Co-Chairman  
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