

Municipal Analysts

BULLETIN

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A NEWSLETTER OF THE NATIONAL FEDERATION OF MUNICIPAL ANALYSTS

JULY 1998

Message from the Chairperson

Ray Kubiak

From my perspective, 1998 is moving along all too quickly. There is so much to do, yet so little time! Such is the nature of volunteering at the NFMA, and serving as its Chairman.

The year thus far has been marked by three important accomplishments: a successful advanced seminar on higher education held in January, our very well attended annual conference held in New Orleans in March, and the publication of our white paper on Rule 15c2-12 and disclosure in the municipal bond market. The annual conference received high marks from attendees, and continues to be the pre-eminent annual event for municipal bond analysts. Our return visit to New Orleans proved to be a wise choice, as nearly everyone enjoyed the varied pleasures of that unique city. The position paper has garnered considerable attention from many market participants (see Jeff Baker's piece herein). You may find it helpful in addressing many of the anti-disclosure arguments we so often hear. If you haven't yet read it, please download a copy from our website or call Lisa Good.

MSMA

The Minnesota Society meets four times per year, usually for a luncheon meeting. Our presenters typically cover topics of local or regional interest to analysts. On March 25, 1998, Lee Mehrkens, Capital Budget Coordinator, Department of Finance, State of Minnesota discussed Governor Arne Carlson's proposed billion dollar bonding bill. At the time of the meeting, the Bill was being debated in the Legislature. The membership found it to be a very insightful meeting as Mr. Mehrkens effectively took us behind the scenes and gave us an understanding of how projects are prioritized.

On May 28, 1998 we departed somewhat from our local/regional theme as we hear from Wayne Marsden and Tom Sackett of American Capital Access. Future meetings are tentatively planned featuring Judy Dutcher, State Auditor in September and the Minnesota HFA in November.

Patricia Hovanetz

MAGNY

During the Spring, the MAGNY held two meetings, sandwiched around the NFMA national conference in New Orleans. In March, we met at John F. Kennedy International Airport to hear a presentation from officials of the Port Authority of New York and New Jersey on plans for the upgrading and modernization of that airport. This multi-billion dollar, multi-year effort is already underway and will continue requiring a large amount of debt issuance. The meeting was followed by a tour of the airport and a look at completed, currently under construction, and planned projects.

The May meeting was a more traditional MAGNY luncheon. The topic here was the Central Artery Project in downtown Boston. Addressing the group were Lowell Richards and Catherine Frazer from the Commonwealth's Executive Office of Administration and Finance and Jeffrey Stearns from the Treasurer's Office. As part of this \$10 billion project, the State is about to issue the first of a relatively new security; ones backed by anticipated grants from the Federal Highway Administration, with no State general obligation or moral support.

Joe Rosenblum

SEC Rule 15c2-12

As many of you know, in April, NFMA published its Position Paper on SEC Rule 15c2-12. Thus far, we have received favorable reviews from fellow analysts and various municipal industry groups. If any member or organization would like a copy of this paper, please call Lisa Good (**412-341-4898**), or obtain it from our web site (www.nfma.org). Also, please feel free to call me with your comments on this subject. Following publication of the paper, SEC Chairman Arthur Levitt, Jr. invited us to meet and discuss 15c2-12. One May 13, NFMA Chairman Ray Kubiak, Vice Chair Mary Metastasio and I met with Chairman Levitt and reviewed some of the critical issues surrounding municipal market disclosure. Chairman Levitt clearly views disclosure as a high priority and noted that the SEC will try to be as helpful to the NFMA and the analytical community as possible. Mr. Levitt indicated that the SEC will try to assist the NFMA in its mission of educating issuer groups about the need for full and timely disclosure. He also challenged the NFMA to provide examples of both very good and poor primary and secondary market disclosure. We need your help in this effort, so please forward any such examples you may find to me (fax **212-270-2642**, phone **212-270-6428** or e-mail jeffrey.baker@chase.com). This is a unique opportunity for analysts to be heard. We need to hear from you! In addition to the SEC, we also met with representatives from the National Association of Bond Lawyers (NABL). As many of you know, NABL has often differed with the NFMA over disclosure issues. Our discussion this time, however, was quite positive and all parties agreed that a continuing dialogue on 15c2-12 would be in everyone's best interest.

Jeff Baker

★ Awards to Five in New Orleans ★

Five individuals were recognized for their achievements at the Thursday night Awards Dinner at the Fifteenth Annual Conference. Over 170 guests were present at Gallier Hall, New Orleans' original city hall, to witness the awards. **Russ Fraser**, Chairman and CEO of American Capital Access, was presented with the Career Achievement Award. His plaque was inscribed with the following: "In businesses as diverse as bond insurers and a rating agency, Russ has engineered dramatic changes in the municipal market, and has mentored hundreds of analysts over the years."



articulated positions on industry practices and events have contributed to the dissemination of information in the municipal market, with an emphasis on the quality as well as the quantity available."

The 1998 Meritorious Service Award was presented to **Susan Drake**, Vice President at State Street Research & Management, in recognition of her leadership role in the NFMA. The inscription on her plaque reads: "A tireless, tenacious, no-holds-barred leader, Susan has been instrumental in developing the NFMA website and its policy." Susan continues to administer the website, serves on the Executive Committee of the Board of Governors, and designs and compiles the surveys for Annual Conferences and Education Committee programs.

Two Awards of Excellence were bestowed at the dinner. The first went to **Robert Muller**, Managing Director at J.P. Morgan Securities, citing his dedication to high professional standards. Jeff Baker read plaque's inscription: "Bob's consistent record in providing balanced, honest analysis has been highlighted during the past year by his high quality assessment of the San Joaquin Hills Transportation Corridor Agency."

A second Award of Excellence went to **Gary Krellenstein**, Senior Vice President at Lehman Brothers, in recognition that "his high energy level, breadth of knowledge, integrity and accessibility have raised the standards for the municipal analytical community."

In addition to Jeff Baker, Awards Committee members included: Maureen Newman, Steven Permut, Jennifer Rynne, Bill Foley, Patrick Early, Patricia Hovanetz.

NFMA Chairpersons - 1983 to Present

1984 - George Gregorio	1989 - Leon Karvelis	1994 - Tom Kenny
1985 - Richard Ciccarone	1990 - Keith Quinney	1995 - Bill Oliver
1986 - Jeffrey Noss	1991 - Mary Jo Ochson	1996 - Maureen Newman
1987 - Peter Fugiel	1992 - Vicki Westall	1997 - Jeff Baker
1988 - Steven Tabb	1993 - Katherine Bateman	1998 - Ray Kubiak

THE NATIONAL
FEDERATION OF MUNICIPAL
ANALYSTS WOULD LIKE TO
THANK THE SPONSORS OF ITS
15TH ANNUAL CONFERENCE
HELD IN NEW ORLEANS,
APRIL 29 -MAY 1, 1998 FOR
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15TH ANNUAL CONFERENCE HELD IN NEW ORLEANS



Disclosure Committee

I am very excited to report that the Disclosure Committee has three sector specific sub-committees up and running: the Housing Disclosure Sub-Committee chaired by Peter Fugiel from Nuveen, the Solid Waste sub-committee chaired by Janet Martin from Fitch IBCA, and the Health Care sub-committee led by co-chairs Emmeline Rocha-Sinha of MBIA and Tom Weyl of Eaton Vance. All three sub-committees are focused on identifying areas within their respective industries where disclosure improvement is needed, and on developing cooperative relationships with the relevant industry groups whose members are providing (or should be providing) that same data.

The next two sectors we would like to form sub-committees for are Higher Education and Land-secured Finance. Please call me at **212-339-3519** if you would like to be involved either as a chair, or as a committee member for either of these two efforts.

Also, if you are doing research via the web and accessing issuer sites, please remember to post feedback to the site when you are complete, this is greatly appreciated by the issuers, and can only help our collective efforts to have more and timelier access to issuer information!

Dina Kennedy

Volunteer Committee

Thanks to all of you who answered the Volunteers Needed call in the last newsletter, and to all of you who volunteered down in New Orleans. Volunteers are currently being sought for the 1999 Conference Committee, the Higher Education Disclosure Sub-committee, and the Land-secured Finance Disclosure Sub-committee. If you are interested in participating, please give me a call at **212-339-3519**, or you can e-mail me at dina_kennedy@fsa.com.

CSMA

The California Society of Municipal Analysts held their spring conference May 20th and 21st in San Diego. The conference began with a tour of the new expansion at San Diego Airport (and all of the art work) followed by dinner across San Diego bay in Coronado. Our full day conference featured three panels with a special focus on the San Diego area. The first panel featured Tom Lieser from UCLA and Gordon Palmer from the Port of Long Beach who discussed the California economy. The second panel featured local issuers from the City and County of San Diego. Our luncheon keynote speaker was Larry Prior, CAO of San Diego County who discussed his pragmatic approach to managing county government. Lastly, we had a transportation panel including representatives from SANDAG, Caltrans, and California Transportation Ventures who discussed the evolving highway landscape in the San Diego area. It looks like California will be building more toll roads and toll lanes in the future. Thanks to all of the attendees for making the conference a success! Our next conference will be held on November 5, 1998 in San Francisco. For additional information see our web site at www.nfma.org/csma

Tom Walsh

BMAF

The Boston Municipal Analysts Forum has had a broad range of topics for our spring meetings. In March, John Wesolowski from M.M.W.E.C. provided a front-line perspective on retail wheeling. We had a very timely discussion on yield burning with Mark Zehner from the S.E.C. and Mike Solet from Mintz, Levin on the day the P.N.C. settlement was announced in April. And Steve Schrager, Andrea Bozzo and Gary Karvelis provided us an overview of American Capital Access's strategy and underwriting guidelines in May.

Jennifer Rynne

CONSTITUENT SOCIETIES:

BMAF - Boston Municipal Analysts Forum

CSMA - California Society of Municipal Analysts

CMAS - Chicago Municipal Analysts Society

MSMA - Minnesota Society of Municipal Analysts

MAGNY - Municipal Analysts Group of New York

PMAS - Pittsburgh Municipal Analysts Society

SMFS - Southern Municipal Finance Society

NFMA Calendar

September 3

MSMA Meeting, Judi Dutcher, Auditor, State of Minnesota

October 29-30 (tentative)

NFMA Introduction to Municipal Bond Credit Analysis, Atlanta

November 4

MSMA Meeting, Robin Hansen, Minnesota Housing Finance Agency

November 5

CSMA Meeting, San Francisco

January, 1999

NFMA Advanced Seminar (topic, date, location TBD)

May 5 - 7, 1999

NFMA 16th Annual Conference, Westin Copley Plaza, Boston

May 17-19, 2000

NFMA 17th Annual Conference, Loews Miami Beach Hotel, Miami Beach

NFMA

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NFMA

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NFMA ON THE WEB
<http://www.nfma.org>

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