

Municipal Analysts

BULLETIN

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LETTER FROM THE CHAIRMAN Don Cirillo

Dear Fellow NFMA Members:

Well, now, tell the truth. That was some 22nd Annual Conference we just had in New Orleans, wasn't it! I am very happy to report that with 275 people present it was our largest Annual Conference ever. Those of you who were there with us know that I am not bragging just because I happen to be the Chairman. No – the proof is in the fact that, despite all of the numerous and varied temptations that the “Big Easy” has to offer, every panel and all of the breakout sessions were well attended. In fact, even the special events were filled to capacity.

On behalf of the entire NFMA I would like to once again thank Howie Mischel and Joe Rosenblum (our Conference Chair & Co-Chair) and the whole Conference Committee for putting on such a good and interesting program. I would also like to extend a congratulatory handshake to each of our Sponsors for helping to make the whole event notable and for also assisting the NFMA in holding down all sorts of extra costs. Thanks to our Sponsors, we had 2 ice cream sundae stations serving treats between one of the breaks, a martini bar (which was a big hit) and wine enhancement at the Annual Awards dinner together with all kinds of cool door prizes to give away. I am confident in saying that every NFMA member appreciates our various sponsors' support, no matter the level, and we trust they will continue to assist us with our important mission. Again, thanks to everyone.

On our agenda going forward, the NFMA will be holding an Advanced Seminar in Cambridge, MA on October 27th and 28th called “Bond Insurance and other Credit Enhancements for Municipal Debt”. Natalie Cohen and Bill Hogan, our Education Committee Co-Chairs, are planning another great event if preliminary reports on the panels are an indication. Later on, in January, there will be another Advanced Seminar held in Austin, TX on Project Finance. Of course, the Introductory Course (led one more time by Anne Ross) will be coming again soon.

The NFMA is still the leader on the issue of continuing disclosure and I call your attention to our web site (www.nfma.org) where, if it hasn't been done already, we will soon be posting the Hospital Bond Term Sheet for final public comment. (The Best Practices for Toll Road Financing is in its final stages too.) Please turn inside this *Bulletin* comments on this important subject.

Speaking of the Disclosure Committee, also check out what Co-Chairs Chuck Emrich and Greg Clark have been up to, which is also noted in a separate column contained herein. As always, please remember that the NFMA needs volunteers for these white papers. Feel free to help out on a committee.

Lastly, I would like to draw your attention to the question of having a certification program instituted for municipal bond analysts. This topic keeps moving around from the “back burner” to the forefront and so the NFMA Board has decided, once and for all, to formally address the point with a special task force under the guidance of Greg Clark. This group will look into the issue on behalf of the NFMA and they will try to determine whether or not there is a real demand and/or need for this type of certificate and what form it might take. Please take a moment to read Greg's column on this important issue as well.

Once again, thanks to all for the on going help and mark your calendars for the 2006 Annual Conference in Santa Monica, CA and the 2007 one in Las Vegas, NV.

Enjoy the summer!

BMAF

Boston Municipal Analysts Forum

The Boston Municipal Analysts Forum held its first meeting of 2005 on April 12. The guest speaker was Dr. Robert Tannenwald, a senior economist at the Federal Reserve Bank of Boston and Director of the newly established New England Public Policy Center. An expert on state and local finance, Dr.

Tannenwald spoke about what constitutes a "good state business climate," particularly with regard to corporate taxation and a state's level of "fiscal comfort." He argued that, contrary to popular wisdom, Massachusetts has a surprisingly competitive business climate.

Due to the inexplicable popularity of the Red Sox this year, group tickets are not available (at least at prices within our budget), so BMAF regrettably will not be doing a baseball game for its spring/summer outing. If anyone has an idea for a substitute outing, please call me at [617-295-2462](tel:617-295-2462).

BMAF has several meetings planned for the near-term. On June 15, we will gather for a discussion of the impact of the new bankruptcy law on muni bonds. We are also planning meetings on the NFMA hospital bond term sheet and the Massachusetts school construction bond program. In the planning stage is a session on what the municipal analyst needs to know about antitrust matters.

Paul Flynn

MSMA

Minnesota Society of Municipal Analysts

The Minnesota Society of Municipal Analysts is finalizing its lineup of meetings for the year. The first meeting is scheduled to be a visit to the newly relocated Guthrie Theater. The Guthrie, which the Twin Cities has enjoyed as a 40 year leader in American Theater is moving across Minneapolis to its new location on the Mississippi River. The new location is quite stunning and is incorporating some creative financing. Subsequent meetings plan to cover transportation issues, senior living, and the always controversial stadium funding plans for our beloved Twins and Vikings.

Thor Raarup



EDUCATION COMMITTEE

The NFMA Education Committee is beginning the planning for the next two advanced seminars, typically held in October and January. The October seminar will be about credit enhancement on October 26 and 27 at the Hotel Marlowe in Cambridge, Massachusetts. Topics will include bond insurance, bank enhancement and government enhancement programs as well as reinsurance, valuing enhanced securities and how to analyze non-municipal aspects of the enhancement business (such as CDOs, credit default swaps and other products).

The January seminar will likely be held the last week of January and will be about project finance. At the moment, plans are afoot for Austin, Texas, although dates and locale have not yet been finalized.

Also part of this committee's function is the Introduction to Credit Analysis, to be held on October 20 and 21 at the Westin in Philadelphia. As plans firm up, NFMA will post the conference agenda on the website <http://www.NFMA.org>.

You are solicited for your help!!! Please give the co-chairs your ideas and suggestions for next year and certainly volunteer if you can squeeze out the time.

If you would like to plan or moderate, or speak at one of these seminars, please let Natalie Cohen or Bill Hogan – co-chairs for 2005 -- know of your interest. (ncohen@fsa.com; Whogan@assuredguaranty.com)

Natalie Cohen and Bill Hogan, Co-Chairs

CMAS

Chicago Municipal Analysts Society

The Chicago Municipal Analysts Society held its first seminar on March 24, 2005 with Public Power as the subject matter. Dan Aschenbach, SVP, Senior Credit Officer, Moody's Investors Service and Gary Krellenstein, VP, Senior Analyst, JP Morgan were our featured speakers. Our next seminar will be held June 9, 2005 featuring George Friedlander, Managing Director, Citigroup Global Markets and Mark Zandi, Chief Economist and Co-founder of Economy.com in a discussion about the economy and its effect on the municipal markets. Two additional seminars, a fall outing and our holiday luncheon will round out our calendar for the year.

Jane McCart



California Society of Municipal Analysts

The California Society of Municipal Analysts hosted a baseball game outing to the S.F. Giants vs. the L.A. Dodgers on May 25th. Our annual conference will be held at the Hyatt Regency Newport Beach on July 27th & 28th. The conference will include a site visit to the Irvine Ranch Water District on the 27th. The three panels for the conference on the 28th are: Alternative Approaches to Water Supply, Achievements and Challenges in Redevelopment and Land Secured Financing-Anatomy of a Successful Workout. See our website for the agenda and registration form.

The CSMA is planning on hosting a luncheon in the fall in San Francisco - topic, location and date TBD.

<http://www.nfma.org/csma/index.html>

Molly Butler

DISCLOSURE COMMITTEE

The Disclosure Committee has had an active year thus far. The final version of the Recommended Best Practices in Disclosure (RBP) for Toll Roads Financings will soon be posted to the NFMA website. We give special thanks to Ann Ferentino (Federated) and Bill Streeter (Fitch) for leading this effort. Also, drafts of the RBP – Project Finance (chaired by Doug Nelson, Janus, and Tom McLoughlin, MBIA) and RBP – Water/sewer (Mary Francoeur – FGIC) will be available on the website shortly. We encourage all members to review the papers and send your comments and opinions to Lisa Good.

The NFMA is forming additional disclosures committees for bond insurers and swaps II. If you are interested in participating, please inform Lisa Good.

Chuck Emrich and Greg Clark
Co-chairs

MAGNY

Municipal Analysts Group of New York

MAGNY's spring luncheon program has been very full and successful. On March 18th the topic was The Outlook for County Finances in New York, with presentations made by Arthur Gianelli, Deputy County Executive for Budget and Finance--Nassau County and Kate Carrano, Budget Director--Westchester County. On April 15th, tax day, the topic was Tax Reform and the Municipal Market with presentations by Brad Gewehr, Manager of Municipal Credit Analysis and Strategy-UBS Financial Services Inc. and George Friedlander, Managing Director, Municipal Market Strategist--CITIGROUP. On May 13, a record crowd of over 200 people filled up the Yale Club Ballroom to hear the Governor of Puerto Rico, Anibal Acevedo-Vila and the President of the Government Development Bank for Puerto Rico, William Lockwood, discuss the Proposed Budget and Policy Direction of this new administration as they confront large fiscal challenges. We look forward to the June 10th luncheon where Gary Krellenstein of JP Morgan and Gerry Lian of Morgan Stanley will address the topic: Energy and the Environment-Investors Should Be Concerned.

This will be the final luncheon of the season. A new season with a new chairman will resume in September. I am most grateful to the incredible performance of this year's MAGNY Board which includes Kathy Evers- Treasurer (and next year's Chairperson), Bill Dorante- Secretary, Linda Hird- Membership Chair and John Hallacy- Program Chair. They have made the Chairman's job easy. MAGNY has over 350 members, yet is managed and operated by volunteers--the Board and its committees. Special thanks to our wonderful webmaster Fernando Trindade. This year many processes have been placed online, including luncheon registration and payment (through PayPal) as well as annual dues payment. This has helped all of us.

Rich Raphael

SMFS

Southern Municipal Finance Society

We still have an opening on the board. If you are interested in serving on the board or have ideas for a program for 2005 in North Carolina, Florida, or Texas, please give me a call.

We are currently going through our roster of national and affiliate members. You can now pay through the NFMA using your credit card. If you need an application – you can find it at nfma.org.

We are always interested in hearing from SMFS members and affiliates in the region about how we could make a difference in your professional development. Please call Alex Fraser at 214-871-1406 with suggestions.

Alex Fraser

Certification?

The question of whether municipal analysts should have available some kind of voluntary certification program has existed since the formation of the NFMA over twenty years ago, but this issue has never been resolved. NFMA recently formed a committee that will study whether there is membership support for some type of voluntary program. Committee members are Howie Mischel, Greg Aikman, Doug Nelson, Chuck Emrich, Brian Tournier, and Greg Clark. All active members will be receiving a questionnaire around Labor Day in order to assess their level of support and/or interest in a voluntary certification program.

Please contact Greg Clark or any other Committee member if you have any questions.

Greg Clark

NFMA Treasurer's Report

2005 is shaping up to be another successful year at the NFMA. The Annual Conference was a huge success as exemplified by record attendance. I want to thank everyone who participated in the Annual Conference in any way; it was the hard work of all those involved that led to such a successful conference. With record attendance comes improved conference revenues, and improved profitability at the NFMA. Conference revenues typically comprise two-thirds of the NFMA's revenues, so thank you for participating.

I also want to thank our sponsors that help make all that we do possible. It is through the consistent support of the sponsors that we can put on the high caliber programs and various projects that we are currently involved in. In addition to our sponsors, I would like to thank Don Cirillo and his Sponsorship Committee for a job well done. If anyone is considering sponsorship and would like additional information, please contact Don or me.

Membership remains a focus, and this year we are again pushing to expand our membership. Each of the constituent societies is working towards that goal and will be discussing membership growth at various meetings throughout the year. If there are people within your organizations or people that you know of in the industry that are not members of the NFMA, please have them contact a representative from your constituent society or Lisa Good at lgood@nfma.org.

*Thank you,
Rob Yolland*

Industry Practices and Procedures

The Industry Practices and Procedures Committee has been working on several issues in the months since our January 2005 *Bulletin* was published. One project has been readied for public commentary, one is ongoing and a new position paper has been developed. In addition, a project under the joint oversight of the Industry Practices and Disclosure committees has been initiated.

The Model Term Sheet for Hospital Bond Transactions was submitted to the Board for approval and presented to interested analysts at the Annual Conference in New Orleans. The Committee is waiting for feedback from the session in New Orleans and anticipates releasing the Term Sheet for public comments in June. We would like to thank three members of the committee who completed most of the written work on this project: Rich Moche of Mintz Levin, Bill Smith of McDermott Will and Emery and Eric Kimball of Akerman Senterfitt.

The Securities Law White Paper saw significant progress during the past several months with a major section of the paper completed and a second section underway. This project is very involved and the Industry Practices and Procedures Committee could use some additional volunteers to assist in the drafting of this paper.

The new item under review is a comment letter concerning a current market practice of abusive bond tender practices. This practice has been the subject of a *Bond Buyer* article or two and the committee is drafting a position statement on this practice.

Under the joint oversight of the NFMA's Disclosure Committee and Industry Practices Committee, we have solicited volunteers to work on a new NFMA Recommended Best Practices in Disseminating Information. The general purpose of this paper is to set forth and identify the optimum and most efficient means of disseminating investment information to investors and other users of financial information. At the outset, we expect to cover the following topics as each relate to challenges presented by the dissemination of investment information in the municipal market: (i) New Issue disclosure; (ii) Secondary Market disclosure; (iii) Use of the Internet; (iv) Pricing Services; and (v) Retail Investors.

An ad-hoc Task Force of municipal analysts, together with trade group representatives, has held an initial meeting and begun to divide into subgroups to identify ways to improve information dissemination in each problem area. At the culmination of this process we hope to distill specific recommendations into a Strategic Action Plan. Anyone interested in working on this Task Force should contact NFMA Executive Director Lisa Good at (412) 341-4898 lgood@nfma.org. Alternatively, you may contact Gerry Lian at (212) 762-8479 or e-mail gerard.lian@morganstanley.com or Alex Fraser at (214) 871-1406 or e-mail alexander_fraser@sandp.com.

Tom Weyl and Gerry Lian, Co-Chairmen

2005 Awards Dinner in New Orleans

Ruth Corson Maynard Receives Career Achievement Award, Five Others Recognized at Annual Conference

Ruth Corson Maynard, of Fitch Ratings, received the NFMA's 2005 Career Achievement Award. Ruth, a founding member of the Boston Municipal Analysts Forum and the NFMA, was one of six to receive awards at the NFMA Awards Dinner on April 28 at the 22nd Annual Conference in New Orleans. Other award winners were: Martha Haines, Mark Ryan, Peter Stettler, Peter Bianchini and Karen Szerszen. The inscriptions from their plaques are shown below:



Judith Harvey, Ruth Corson Maynard and Gerry Lian

2005 Career Achievement Award, Ruth Corson Maynard, Fitch Ratings

In recognition of Ruth's far-reaching influence in public finance over the past three decades.

Ruth is widely acclaimed by colleagues as an astute analyst who abounds in intellectual honesty, strong and accurate opinions and articulate expression.

Ruth's grasp of little-known facts, combined with a massive understanding of credit analysis, serves as a continuing source of inspiration and leadership to all members of the municipal analyst profession

2005 Industry Contribution Award, Martha Mahan Haines, Esq., Chief, Office of Municipal Securities, Security and Exchange Commission

In recognition of Martha's enduring commitment to improving the provision of investment information in the municipal market.

Martha has provided a powerful voice and relentless support toward promoting better disclosure. The NFMA Board of Governors is especially grateful for Martha's strong efforts to modernize the process by which information is disseminated to investors and to spur greater industry acceptance of the NFMA's Recommended Best Practices in Disclosure.

2005 Award for Excellence, Mark A. Ryan, Managing Director, Citigroup Global Markets, Inc.

In recognition of Mark's dedication to the pursuit of municipal credit analysis and to his ongoing ability to maintain high professional standards in the preparation of credit reports and municipal research.

Mark provides the municipal market with keen insight and an extremely informed perspective on project finance, utilities and solid waste. His ongoing insights and contributions as an analyst distinguish Mark as a highly valuable source of information for the municipal market.

2005 Award for Excellence, Peter C. Stettler, Fitch Ratings

In recognition of Peter's dedication to the pursuit of municipal credit analysis and to his ongoing ability to maintain high professional standards in the preparation of credit reports and municipal research.

Peter provides the municipal market with uncommon insight and a tremendous grasp of the complex legal, financial and credit issues impacting airport and special facility bonds. The wealth of information he contributes to investors distinguishes Peter as a highly respected resource for the municipal market.

2005 Meritorious Service Award, Peter Bianchini, Managing Director, XL Capital Assurance

In recognition of Peter's outstanding contribution and exemplary leadership throughout his tenure on the NFMA Board of Governors from 1999 through 2003, including his role as NFMA Chairman in 2002.

Peter has been an eloquent champion and strong advocate of better disclosure in the municipal market. At a time when the industry faced an important crossroad, Peter's skillful leadership and strong command of complex policy issues provided the NFMA with a clear sense of direction and a great degree of professional oversight.

2005 Meritorious Service Award, Karen Szerszen, Senior Credit Research Analyst, Allstate Investments

In recognition of Karen's participation and fine leadership on the NFMA Board of Governors from 1998 through 2004, including her role as NFMA Chairman in 2003.

Under Karen's talented stewardship, the NFMA Board succeeded in reinvigorating local and national membership at a time of industry downsizing. Karen also voiced strong support for improved disclosure by encouraging wider industry use of the NFMA Recommended Best Practices in Disclosure.

Members of the Awards Committee were Gerry Lian, Morgan Stanley and Judith Harvey, Co-Chairs, Ann Ferentino, Federated Research, Chuck Grob, AIM Investments, Mary Colby, Charles Schwab, Tom Weyl, Eaton Vance and Brian Winters, Van Kampen.



2005 Award Winners (l-r): Martha Haines, Mark Ryan, Peter Bianchini, Karen Szerszen, Ruth Corson Maynard, Peter Stettler



2005 Conference Co-Chairs, Howard Mischel and Joe Rosenblum



A few members of the 2005 NFMA Board of Governors: (front, l-r) Erik Kimbal, Eric Friedland, (back, l-r) Tom Weyl, Jane McCart, Lisa Zuckerman, Greg Clark, Don Cirillo, Paul Flynn, Howard Mischel.



NFMA

Twenty-Second Annual Conference

Wyndham New Orleans • At Canal Place
New Orleans Louisiana • April 27–29, 2005

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NFMA CALENDAR

June 9, 2005 – CMAS Meeting – The Economy and its Effect on the Municipal Market

June 15, 2005 – BMAF Meeting, Recent Developments in the Bankruptcy Area: Impact on High-Yield Municipals

July 27-28, 2005 – CSMA Annual Conference, Hyatt Regency Newport Beach

October 20-21, 2005 – NFMA Introduction to Municipal Bond Credit Analysis, Westin Philadelphia, Philadelphia, PA

October 26, 2005 – NFMA Board of Governors Meeting, Hotel Marlowe, Cambridge, MA

October 27-28, 2005 – NFMA Advanced Seminar on Credit Enhancement, Hotel Marlowe, Cambridge, MA

January 2006 – NFMA Advanced Seminar on Project Finance, Date and Location TBA, Austin, TX

May 3-5, 2006 – NFMA 23rd Annual Conference, Loews Santa Monica Beach Hotel, Santa Monica, CA

May 16 – 18 2007 – NFMA 24th Annual Conference, Four Seasons Hotel, Las Vegas, NV

NFMA

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