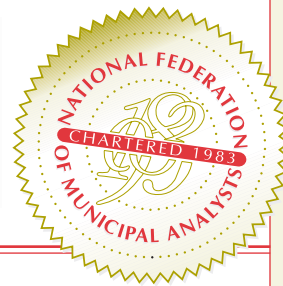


Municipal Analysts

BULLETIN

MARCH 2006

VOL 16.- NO. 1



LETTER FROM THE CHAIRMAN

Eric Friedland

Dear Members:

I am pleased and honored to serve as the Chairman of the NFMA and I appreciate all the help I have received from other members, staff and my employer, in undertaking this role. I would first like to take this opportunity to thank our past Chair, Don Cirillo, for his effort, enthusiasm, guidance and sense of humor that he displayed in 2005. I feel fortunate to have him by my side on the Board this year.

At the Board meeting in October, Tom Weyl of Eaton Vance was elected Vice Chairman; Rob Yolland of Franklin Templeton was elected Secretary, while Bill Hogan of Assured Guaranty was elected Treasurer. Executive Committee elections were held at our January Board meeting. The organization's four officers are automatically on the Executive Committee along with Don Cirillo, of Dexia. The newest Executive Committee members for 2006 will be Erik Kimball of Akerman Senterfitt and Lisa Zuckerman of S&P. They replace Chuck Emrich of T. Rowe Price and Gerry Lian of Morgan Stanley, who I want to thank for their hard work and dedication in 2005.

The NFMA Advanced Seminar on Project Finance, held this past January in Austin, was a success, with attendance at close to 100. The Education Co-Chairs, Natalie Cohen and Bill Hogan, did an excellent job organizing panels that were both informative and innovative. The next advanced seminar will be in October, with health care being the likely topic, in a location yet to be determined. The national conference will be held from May 3-5 in Santa Monica, California. The Conference Committee, which is chaired by Joe Rosenblum and Lisa Zuckerman, has worked hard to create an outstanding slate of panels covering a wide range of sectors and hot topics.

This coming year promises to be an interesting year for the organization. Many projects are either underway or are in the beginning stages. These projects will present significant opportunities to advance the core mission of the NFMA. Some of the projects that I want highlight include:

- **The Central Post Office:** Last May, the NFMA Board approved a motion to endorse the development and creation of the Central Post Office (CPO) and to advocate that the SEC designate the CPO as the exclusive collection agent for Rule 15c-2-12 filings and material event notices, and make its usage mandatory. Our key goal this year is to communicate and work with the SEC and other market groups to further this mission and encourage more widespread usage of the CPO. The NFMA will continue to participate in the Municipal Council, a group of approximately 20 trade organizations brought together to help improve the current disclosure system. It was through this group that the CPO was created.
- **White Paper on Securities Law:** The NFMA Industry Practices Committee has been developing a white paper that carefully analyzes the application of federal securities law to the municipal market, the goal being that the report will assist analysts when presented with Reg FD and other securities law concerns. Project participants are working closely with attorneys.
- **White Paper on Disaster Recovery:** A special committee will be developing a white paper on Disaster Recovery. This will serve as a policy paper on how a municipality should prepare and recover from a natural catastrophe and include recommended procedures and disclosures. This project is being led by Don Cirillo and Susan Dushock, of Columbia Management.
- **Disclosure Initiatives:** The NFMA Disclosure Committee will continue to develop sector specific Recommended Best Practices in Disclosure documents. The projects currently in process, which should be completed this year, include Bond Insurance, Dissemination, and Swaps.

We continue to address administrative activities including our membership directory, website content, budget issues, constitutional issues, and fundraising. I would like to thank all the sponsors of the NFMA and the Annual Conference for their generous support. We are continuing our effort to increase the NFMA's membership base, and as such, please encourage any municipal analysts who you work with that are not NFMA members to join us. Applications can be found on the NFMA website at www.nfma.org.

The NFMA is an all-volunteer organization which relies solely on the participation of its membership. There is a need for assistance on all of the NFMA projects, committees and upcoming conferences. I invite all members to get involved by contacting the Chairs of the related committees (who are listed in this Bulletin), other Board members or me. I also encourage you to be creative and let us know if you think the NFMA should pursue any new initiatives or projects. Feel free to contact me with any thoughts or concerns at 212-339-3544 or efriedland@fsa.com. *I look forward to seeing many of you in Santa Monica.*

BMAF

Boston Municipal Analysts Forum

The Boston Municipal Analysts Forum has had several meetings since the last newsletter. For the second year in a row the BMAF Christmas Party was held at King's Lanes bowling alley and co-sponsored by Assured Guaranty. The party was a great success as 35 members attended; a great time was had by all.

In January we heard a presentation by Tom Weyl of Eaton Vance and Richard Moche of Mintz Levin on the Model Term Sheet for Hospital Bonds. In February we held a meeting at Logan Airport that included a tour of terminals A and E as well as a financial update. Betsy Taylor, Massport CFO, and Michael Ahearn, financial program manager, were our hosts. Planned upcoming meetings include municipal market outlook and an analysis of the National Benevolent Association bankruptcy.

New officers for 2006 are David Belton, Standish Mellon Asset Management, President; Robert Donahue, Fidelity Investments, Vice President; and Jeffrey Burger, Columbia Management, Treasurer. Many thanks to 2005 President Paul Flynn for his leadership, wisdom and sense of humor.

David Belton

Certification

The Certification Committee is nearing completion of its survey, which you will be receiving very soon. The survey will be accompanied by a set of arguments for and against Certification and related ideas. Because there are some new ideas - both pro and con - regarding certification, please read this memo closely before you complete the survey. Thank you in advance for the time you will take for the survey

*Greg Clark
Chairman*



EDUCATION COMMITTEE

In January 2006, the NFMA sponsored the Advanced Seminar on Project Finance, which was held in Austin, Texas. The seminar covered a range of topics including, Texas transportation projects, military housing, power project case studies and discussion of the international infrastructure finance market. The seminar also provided technical overviews of operating and construction risk. The program was well attended with approximately 100 participants. We would like to extend a sincere thank you all of the moderators who were instrumental in making the seminar a success.

Planning is underway for the next advanced seminar, which will have a healthcare theme and will take place in the fall. Volunteers are welcome. Please contact Bill Hogan or Mark Stockwell for ideas or suggestions for upcoming advanced educational seminars.

Anne Ross will again be organizing the Introduction to Municipal Bond Credit Analysis in the fall. This introduction course continues to be very well received and will offer another fine program under Anne's stewardship.

Bill Hogan and Mark Stockwell, Co-Chairs

CMAS

Chicago Municipal Analysts Society

The Chicago Municipal Analyst Society has a number of exciting events planned in the next few months which include a talk on Derivatives by Peter Block of S&P on March 16th and a session addressing Emerging Issues According to GASB with Dave Bean on April 7. Details will be forthcoming.

Ted Damutz



California Society of Municipal Analysts

The California Society of Municipal Analysts held a luncheon seminar on December 13th at the Banker's Club in San Francisco where Dan Bergmann, President of IGS Interstate Gas Services, Inc., spoke about the ongoing challenges of high energy prices. The lunch was extremely well attended and very well received.

The CSMA celebrated the New Year (a little late) with its semiannual cocktail party at Palomino's in San Francisco on February 15. In following a new format that worked extremely well last year, we are considering a couple of luncheon seminars and a summer-time annual conference to be held in San Francisco. Look for a "Save the Date" email within the next few weeks. We welcome input from our members regarding future events.

I'd like to take this opportunity to whole-heartedly thank Molly Butler for her excellent leadership in 2005. We had a very successful year and we owe Molly a debt of gratitude for all her hard work. Lastly, we would like to welcome our newest Board member, Jason Kissane, of MBIA.

Robin Rappaport

DISCLOSURE COMMITTEE

The NFMA Disclosure Committee has posted another recommended best practices guideline to the website. Recommended Best Practices in Disclosure for Water and Sewer Transactions discusses the key operational, financial and other information that should be reported by an issuer to the investment community on a regular basis. Thanks go to Mary Francoeur and her committee for their hard work.

A workshop will be held at this year's NFMA Annual Conference to discuss the second disclosure paper on swaps. The subcommittee leading this effort is soliciting feedback and comments from members on this topic. The session will be held at 12:45 pm on Thursday of the conference, and box lunches will be provided. Please call Zahra Afkari (212-428-6472) for further details.

The Bond Insurers Disclosure Subcommittee is forming its group. Those interested in participating in this disclosure project should contact Sara Kisner or Greg Aikman.

The Disclosure Committee is more than happy to provide ideas and suggestions to any NFMA member who may be speaking about the importance of disclosure to a trade organization or issuers' group. We can offer key reasons, slides and bullet points on why better disclosure helps both the issuer and investor.

Reason #1 for better disclosure: "Improved disclosure elicits wider bidding which extends liquidity and reduces borrowing costs, particularly in a rising interest rate environment."

From: Top 25 Reasons to Disclose Information, October 29, 2004. Please see the NFMA website/position statements for more reasons why good disclosure is important.

*Chuck Emrich
Greg Clark
Co-chairs*

CONSTITUTION COMMITTEE

Last fall, the Constitution Committee, chaired by Judi Harvey, made several recommendations to the Board of Governors for changes to the NFMA Constitution. The intention was to update the document to conform to existing practices. As noted in the last edition of the Bulletin, a number of changes that were minor in nature were approved by the Board and are now incorporated into the Constitution.

Several amendment proposals were more complex, and the Constitution Committee - comprised of Chair Judi Harvey, Brian Tournier, Paul Flynn, Peter Bianchini and Gerry Lian - worked during the fall and submitted eight proposals to the Board of Governors in December. The proposals that would change the Constitution the most included amendments regarding the composition of the Executive Committee and Nominations Committee of the Board of Governors, and creation of an automatic succession to the position of Chairman of the Federation.

None of the proposals have been adopted by the Board of Governors. As a result of discussions at the January Board meeting, new Constitution Committee Chair Paul Flynn, along with committee members Tom Weyl, Lisa Zuckerman and Chuck Emrich, will report back to the Board of Governors in May with new recommendations for amendments, including alternative versions of the earlier proposals.

Paul Flynn, Chair

SMFS

Southern Municipal Finance Society

I am honored to serve as the Chair of the Southern Municipal Finance Society for the coming year along with several repeat Board Members and a few new recruits. I'd also like to thank Keith Lowe and Julie Egan, Evergreen Investments, for volunteering to coordinate our 2006 Educational Events. We're working on some exciting ideas and welcome input from our members as the year progresses.

Thank you and welcome to our new Treasurer, Dale Hoffman from USAA. He will attempt to fill the shoes of our departing and hardworking past Chair and Treasurer, Mark Clayton. Thanks, Mark for all years of dedicated service.

Our main objective this year is to find a way to better communicate with our membership. It can be difficult for us to attend each program in person. In this age of web-based communication, I'd like to find a way for us to attend our society and other constituent society meetings without leaving the office. Lisa Good and I will be exploring the possibilities and the costs associated with that undertaking.

We bid Alex Frasier a fond farewell as Chair but welcome his continued involvement on the SMFS Board. I will rely on his wisdom throughout the year. I will also rely on all of you to get involved and come up with exciting ideas we can act on. Our membership currently stands at 79. Please work to get as many coworkers and industry professionals involved as possible. Our organization is as good as its membership. I believe there are a many professionals out there we can tap for membership and involvement.

Please feel free to call me with any ideas or concerns you might have. You can reach me at 704-386-5387 or 917-886-1762.

Susan Dushock

NFMA Treasurer's Report

The NFMA recorded another successful year of operating results driven by stable membership dues, consistent sponsorships and profitable conferences. In January, the NFMA Board voted to approve a conservative investment policy to realize a higher return on its investments. The investment policy requires a diversified mix of equities, bonds, and cash.

I would like to thank all of the sponsors who have supported NFMA for the annual conference and seminars. This consistent financial support will continue to help us maintain the quality of the educational programs we offer throughout the year. Anyone who would like to discuss a sponsorship of any of the NFMA programs please contact me or the other members of the Sponsorship Committee, Don Cirillo and Susan Dushock.

Bill Hogan

Industry Practices and Procedures

The Industry Practices and Procedures Committee, as the name suggests, is the committee of the NFMA Board charged with a limited advocacy role within the Municipal Bond industry. The position papers published by our organization are spearheaded by this committee. Many times, other organizations within the industry ask for our comments on a position that organization has established. In other cases, members of the NFMA ask the Board to evaluate and potentially take a position on a topic of interest in the industry.

By practice, this committee is chaired by the current Past Chair of the NFMA and one other Board Member. I have served on this committee for the past four years and have enjoyed my time working with various municipal bond professionals on efforts such as the Model Term Sheet for Hospital Bond Transactions, the Securities Law White Paper and the Position Paper on Coerced Tenders. Erik Kimball will be replacing me as co-chair of the committee and Don Cirillo will join him, as Past Chair of the NFMA. I leave this committee in good hands and wish the new co-chairs well in their endeavors on our behalf.

In the last Bulletin we reported that we were reorganizing the project on securities law. We are organizing several sub-committees to work on security law related questions such as Insider Trading for the Municipal Bond Analyst and Reg. FD and Disclosure in the Municipal Bond Market. We need volunteers to work on these papers. Please contact Lisa Good at lgood@nfma.org if you are interested in working on a securities law related topic as a position paper.

Tom Weyl and Erik Kimball
Co-Chairs

MSMA

Minnesota Society of Municipal Analysts

Last year, the Minnesota Society of Municipal Analysts held a variety of meetings including a hard hat tour of the newly relocated Guthrie Theater in downtown Minneapolis, as well as presentations by Jim Mitchell of Fitch Investors Service and Peter Block of Standard and Poor's (regarding CCRC medians and issuer swap transactions, respectively.)

The Minnesota Society held its first meeting of 2006 on February 3 and continued its exploration of the CCRC industry. The featured speaker was Tom Myers from Ziegler Capital Markets Group. Tom is the Director of Senior Living Finance at Ziegler. His presentation involved current industry trends and a variety of other relevant topics.

The Minnesota Society is currently finalizing its meeting schedule for the remainder of 2006 and looks forward to another year of informative events.

Ken Kauffman

MAGNY

Municipal Analysts Group of New York

MAGNY's fall and winter programs continue to attract not only members but also other municipal market participants, including bankers and financial advisors. Our breakfast with Joel Klein in November offered an opportunity to hear his vision for the New York City public schools. We appreciate the assistance of member Noreen Domanico in arranging this breakfast. December featured the annual MAGNY holiday party, which was free to members due to generous support provided by Assured Guaranty (entertainment sponsor), Financial Guaranty Insurance Company (open bar sponsor), and Helaba (general sponsor). Despite some pretty terrible weather, 80 members attended.

Our "blockbuster" program for the 2005 - 2006 program year was January 20 with a panel discussion on the sale/long-term lease of government assets. Bob Poole of the Reason Foundation, member Phil Villaluz of Merrill Lynch, and Bob Rich from Public Financial Management each gave a perspective on the recent Skyway transaction and the prospects for future transactions of this type. The audience included more than 100 members and non-members.

The recent February luncheon focused on economic development in New York and New Jersey. About 65 attendees heard presentations by Frances Walton, CFO of the Empire State Development Corporation, and Caren Franzini, CEO of the NJ Economic Development Authority. These agencies are in the forefront of economic development in the bi-state region.

Our program chair, Mary Francoeur, has done a superb job of organizing interesting programs for our membership, and we appreciate her efforts. Members from other chapters are always welcome to attend if you happen to be in New York!

Kathy Evers, MAGNY Chair 2005 - 2006

Rich Raphael, Immediate Past MAGNY Chair, 2004 - 2005

MEMBERSHIP

The Membership Committee is considering some new ideas for both increasing our membership and making it easier for you to pay your membership dues. If you have any suggestions regarding either of these topics, please contact Greg Clark, Kathy Evers, or any officer of your constituent society.

Greg Clark

Kathy Evers

Co-chairs

**Volunteers Needed
for NFMA Committees,
please contact
Lisa Good,
lgood@nfma.org**

LOEWS SANTA MONICA BEACH HOTEL, SANTA MONICA, CA.



The NFMA's 23rd Annual Conference will be held at the Loews Santa Monica Beach Hotel, Santa Monica, CA, on May 3-5.

The program is available electronically at www.nfma.org. Hard copies of the program were mailed out to NFMA members during the week of February 20.

The early bird (discount) registration deadline is March 15.

Loews Santa Monica Beach Hotel

Loews Santa Monica Beach Hotel

2006 BOARD

Last name	First name	Seat/represents	Society	Term	Phone	Email
Belton	David	BMAF	BMAF	2006-07	617-248-6039	dbelton@standishmellon.com
Butler	Molly	CSMA	CSMA	2005-06	650 312-3678	mbutler@frk.com
Cirillo	Don	Immediate Past Chair	MAGNY	Officer	212-515-7095	donald.cirillo@dexia-us.com
Clark	Greg	At-Large	MAGNY	2006-07	212-672-5771	gregory_clark@hvbamericas.com
Cohen	Natalie	At-Large	MAGNY	2006-07	212 339-0896	ncohen@fsa.com
Damutz	Edward	CMAS	CMAS	2006-07	312.706.9953	edward.damutz@moodys.com
Dushock	Susan	SMFS	SMFS	2006-07	704 386-5387	susan.dushock@columbiamanagement.com
Emrich	Chuck	At-Large	MAGNY	2005-06	410-345-4870	chuck_emrich@troweprice.com
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Fraser	Alex	SMFS	SMFS	2005-06	214-871-1406	alexander_fraser@sandp.com
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Raphael	Rich	MAGNY	MAGNY	2005-06	212-908-0506	richard.rafael@fitchratings.com
Rappaport	Robin	CSMA	CSMA	2006-07	213 830-4205	rrappaport@payden-rygel.com
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Yolland	Rob	Secretary	CSMA	Officer	650-312-3023	ryolland@frk.com
Zuckerman	Lisa	At-Large	CSMA	2006-07	415 371-5036	lisa_c_zuckerman@standardandpoors.com

2006 COMMITTEE CHAIRS

Annual Conference 2006	Joe	Rosenblum	212-969-1673	joseph_rosenblum@acml.com
Annual Conference 2006/2007	Lisa	Zuckerman	415 371-5036	lisa_c_zuckerman@standardandpoors.com
Annual Conference 2007/2008	to be determined			
Awards	Don	Cirillo	212-515-7095	donald.cirillo@dexia-us.com
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Sponsorship	Susan	Dushock	704 386-5387	susan.dushock@columbiamanagement.com
Website	Molly	Butler	650 312-3678	mbutler@frk.com

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Sponsorship opportunities are still available for 2006. Diamond and Platinum Sponsorships are available for the full year; Event Sponsorships are available for Advanced Seminars and the Annual Conference. For further details, please contact **Lisa Good at 412-341-4898, or lgood@nfma.org.**

NFMA CALENDAR

May 2, 2006

NFMA Board of Governors Meeting
Loews Santa Monica Beach Hotel
Santa Monica, California

May 3-5, 2006

NFMA Twenty-third Annual Conference
Loews Santa Monica Beach Hotel
Santa Monica, California

May 16-18, 2007

NFMA Twenty-fourth Annual Conference
Four Seasons Las Vegas
Las Vegas, Nevada

May 6-9, 2008

NFMA Twenty-fifth Annual Conference
Loews Miami Beach Hotel
Miami Beach, Florida

NFMA

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

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