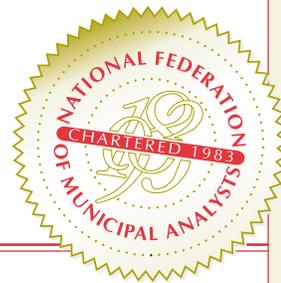


Municipal Analysts

BULLETIN

DECEMBER 2011 VOL 21. – NO. 3



LETTER FROM THE CHAIRMAN

As another interesting year in the municipal bond market nears its conclusion, I would like to thank our members and sponsors for your continued support. Without it, nothing that NFMA or our local societies accomplish each year would be possible.

During 2011, NFMA and our societies have been proud to host for our members' benefit the Annual Conference, two Advanced Seminars, the annual Introduction to Municipal Credit Analysis, an April 1 event in conjunction with MAGNY, and the events sponsored by your local societies.

The topic of our most recent Advanced Seminar, held in late October in Austin, was The New Era of Austerity and Implications for Municipals. Our luncheon speaker was Frank Shafroth of George Mason University and of the MSRB, where he is Director of Legislative Affairs and Intergovernmental Relations. Our Introduction to Municipal Credit Analysis was held earlier last month in Philadelphia. Both of these events were highly attended, with 128 registrants for the Advanced Seminar and 99 for the Introductory Course. Thanks to Scott Andreson and Jason Kissane, our Advanced Seminar Chairs, and to Anne Ross, who organizes the "Intro" course, for their successful planning and execution of these events.

Our other recent activities have included release of a draft version of Recommended Best Practices in Disclosure for Variable Rate and Short-Term Securities and the final version of our White Paper on Expert Work Products. We also submitted comments to GASB on their Plain Language Supplement - Pension Accounting and Financial Reporting. All of these documents are available on our website, www.nfma.org. Other Recommended Best Practices papers that we expect to release soon include those regarding Health Care, General Obligation, and Dedicated Tax-Backed Bonds. Finally, NFMA continues to work with a group assembled by the National Association of Bond Lawyers (NABL). We expect this process to result in much greater market understanding of state and local pension information.

Please try to attend our next Advanced Seminar, focusing on real estate-backed bonds, at Denver's Westin Hotel on January 26 and 27. Our 2012 Annual Conference will be held at the Four Seasons in Las Vegas from April 17-20. You will be hearing more about these events as their respective dates become nearer.

It has been an honor to serve this year as NFMA's Chair and I look forward to working as Immediate Past Chair with 2012's officers - Greg Aikman, Chair; Jeff Burger, Vice-Chair; Susan Dushock, Treasurer; and Jennifer Johnston, Secretary. I would also like to congratulate our recently-elected Board members - Lisa Washburn, Mary Francoeur, Patrick Early, and Geoff Buswick. And as always, I appreciate the hard work of our staff, Executive Director Lisa Good and Betsy Harkins.

Have a great holiday season!

Greg Clark



MAGNY's new season, themed "Restoring Trust", has featured several very well-received luncheons. Mayor Dave Bing of Detroit and his administration presented an update of city finances and economic development prospects on September 22nd. This luncheon was covered live by CNBC. Richard Ravitch and Don Boyd, of the Volker/Ravitch Task Force on the State Budget Crisis, discussed their thoughts on the evolution of state financial health on October 28th. And on November 17th, John Young, receiver for the Jefferson County Sewer System, provided a much anticipated update on the latest developments in Alabama. MAGNY opened the Detroit and Jefferson County luncheon presentations to all NFMA members, and over 100 members have taken advantage of this new member perk. All luncheons have been sold out; the last only days after the program was announced. We commend the current MAGNY officers, led by Dan Berger as Chair, on an exceptional performance so far.

Matt Fabian

Chicago Municipal Analysts Society

CMAS members enjoyed a very active summer and fall. At a June luncheon, Jim Spiotto of Chapman and Cutler, LLP, provided members with an update on municipal bankruptcy and distressed credits. During a July luncheon hosted by Fitch Ratings, representatives of Cook County and Fitch spoke to CMAS about the impact of state budget actions on local government credits. At a September luncheon, representatives from five Chicago issuers spoke to a large audience of CMAS members on the outlooks for their respective credits. The event, which was sponsored by Invesco, Loop Capital, LLC, and Nuveen Asset Management, featured: Michael Boland of the Chicago Department of Aviation (O'Hare); Erin O'Donnell of the Chicago Department of Aviation (Midway); Richard Oldshue of the Metropolitan Pier and Exposition Authority; Ginger Ostro of the Chicago Public Schools; and the event's keynote speaker, Lois Scott, the Chief Financial Officer of the City of Chicago.

In addition to presentations, CMAS members were able to network and socialize during our annual summer social outing in August. This year's event – an architectural boat tour on Lake Michigan and the Chicago River – was sponsored by Assured Guaranty. For our upcoming annual holiday party in December, we are planning a wine tasting event. Thank you to the generosity of the speakers and sponsors who made 2011 another successful year for CMAS.

Rachel Cortez

DISCLOSURE

Over the past few months, the Disclosure Committee has been focused on completing a number of updates of Recommended Best Practices (RBPs) in disclosure. Our expectation is that we could have as many as five draft RBP updates released for comments in coming months.

The Variable Rate and Short-Term Securities RBP update draft was released for its 90-day comment period on Oct. 11. Release of the draft was coordinated with a press release and subsequent press conference. We would like to thank the co-chairs of the subcommittee which prepared this paper, Ben Schuler of Fidelity Investments and Karen Flores of Charles Schwab Investment Management, and their committee members for their hard work.

The RBP updates for Hospital Debt, General Obligation and Appropriation Debt, Dedicated Tax Debt and Housing Debt are all in the process of incorporating final edits and comments from their drafting subcommittees and other involved industry/market parties. We expect that each of these papers will be ready for draft release for comments soon, and encourage you to watch your inboxes for notices related to their release.

Brian Tournier and Bill Trauner

GASAC

The most recent meeting of the GASB Advisory Council (GASAC) was held June 29th and 30th at GASB's office in Norwalk, CT. Covered items included:

- > A permanent funding source for GASB was hoped to be in place by November 2011, with FINRA serving as collection agent.
- > The Financial Accounting Foundation (FAF) initiated a project that reviews the scope of GASB's work. Three individuals from academia were engaged to conduct this study via face to face meetings, focus groups, and an online survey with GASAC organizations. NFMA members contributed feedback to their study. A report of findings will be presented to the FAF this month.
- > Two Exposure Drafts on pension accounting and reporting and a Preliminary Views on Recognition of Elements of Financial Statements and Measurement Approaches were released during the summer, with comments requested by September 30th. The NFMA responded with a comment letter to the plain-language version of the Pension Exposure Draft. This and other comment letters can be found at the GASB web site at: <http://www.gasb.org/jsp/GASB/Page/GASBSectionPage&id=1176157116776>.

The final 2011 GASAC meeting was held November 10th and 11th. Projects discussed by GASB staff include:

- > Government Combinations – Treatment of government consolidations/mergers (phase I) and annexations (phase II).
- > Electronic Financial Reporting – Monitor the effect of electronic media and development of XBRL.
- > Financial Guarantees – What, if any, additional disclosures to financial statement notes should be required for either a government guarantor or a government that has issued guaranteed debt as a result of a financial guarantee arrangement?
- > Fair Value Measurement and Application – Address FV measure of private placements and hedge funds, REITs, state land trusts and partnership interests, among other topics.
- > Lease Accounting and Financial Reporting – Should operating leases be included on balance sheet?

December 31st will mark the end of my first two-year term as NFMA representative to GASAC. I will serve a second two-year term for 2012-2013. Volunteers to read through materials provided in advance of GASAC meetings are sought. If interested, please contact Lisa Good. This is an opportunity to see what GASB accounting rule modifications are being proposed well before they are codified.

Mary Kay Cooney



California Society of Municipal Analysts

The CSMA held a half-day conference on August 3rd at the Ferry Building in San Francisco. The conference included a timely panel on California redevelopment agencies and we heard from the Executive Director of the California Redevelopment Association on the status of their litigation with the State of CA. We also had an informative discussion with representatives from the Cities of San Jose, Sacramento and Oakland. The panel focused on how these cities are coping with budgetary issues in the current economic environment. This half-day event saw record attendance and the board is thankful to all of the participants. The CSMA also thanks Stone & Youngberg who supported and facilitated the use of the conference space at the Ferry Building. Following the half-day conference, the CSMA hosted a happy hour event for all our members.

We are currently planning our Holiday Social Event for early December. At the Event, the board will honor and announce the first recipient of the Amy S. Doppelt Meritorious Award to a CSMA member who demonstrates outstanding service, industry contribution, education focused and social consciousness the same way Amy did for so many years.

Jason Kissane



EDUCATION COMMITTEE

Advanced Seminar

The Fall Advanced Seminar on Austerity and Implications for Municipals was very well attended. Thanks again to all the speakers and conference attendees who participated in it in lively Austin, TX. Registration is underway for the Advanced Seminar on Real Estate taking place in Denver, CO on January 26-27. Jason and I are very excited about the topics and speakers that we have lined up so far and look forward to some fantastic powder and seeing everyone soon in Colorado.

Scott Andreson and Jason Kissane



Introduction to Municipal Bond Credit Analysis

The NFMA held its 25th annual introductory course in November, under the direction of Anne Ross. This program, which was first held in Baltimore in the Fall of 1987, has evolved over the ensuing years from a text book driven course taught by a couple of seasoned analysts (most notably Peter Fugiel and Sylvan Feldstein), to the current iteration, which involves 14 analysts with specialties in the various sectors covered over a day and one-half program. *Over the years, the NFMA has provided training for 1,224 municipal professionals.*

The NFMA would like to recognize Anne Ross for chairing this event for the past 9 years. Kudos to her and to all of the NFMA members who have contributed to this event over the past 25 years. This year's speakers - some new/some who have spoken for 10+ years - include: Ken Kurtz (Moody's), Ruth Levine (Vanguard), Karen Szerszen (Allstate), Dan Berger (Thomson Reuters), Natalie Cohen (Wells Fargo Securities), Mary Francoeur (Assured Guaranty), Bill Bonawitz (PNC Capital Advisors), Reid Tomlin (Wasmer Schroeder & Company), Mark Stockwell (PNC Capital Advisors), Michael Burger (Fitch Ratings), John Hallacy (Bank of America Merrill Lynch), Mary Peloquin-Dodd (Standard & Poor's), Tom Kozlik (Janney Montgomery Scott).

Look for us next November in Philadelphia!

Annual Conference

The 2012 Annual Conference will be held April 18-20, 2012 at the Four Seasons Hotel in Las Vegas, Nevada. The Conference Planning Committee is hard at work putting together what we hope is an educational and timely series of panels. Topics to be addressed in the conference's general and breakout sessions include the impact of the current political environment on municipal credit, the effects of aging and demographic shifts, a history of fiscal crises, pensions and energy supply options in a post-Fukushima world. The agenda for the event as well as registration will be available in January.

We hope you can join us for the 2012 Annual Conference!

David Belton and Geoffrey Buswick

SMFS

Southern Municipal Finance Society

Julie Egan will serve as the SMFS President for 2012 and she would like me to pass along her desire for all members to contribute their ideas for educational activities next year as plans are just now getting underway for 2012 events throughout our wide region.

Also, if you have a desire to serve on the board or have ideas for a program large or small, please contact any SMFS board member. You may have noticed new conference calls that take travel out of the equation but still get you access to up-to-date information. We are looking for ways to help you do your jobs better.

It is always a good time to make sure your membership is up-to-date. You can check your status and pay using your credit card at nfma.org.

For any other questions, please call Alex Fraser at 214-871-1406 with suggestions.

Alex Fraser

BMAF

Boston Municipal Analysts Forum

The BMAF had a very busy fall season. We hosted our first ever golf outing at Granite Links in Quincy. We had approximately 30 golfers at the event and are hoping to make the outing an annual event. In September, the BMAF hosted George Friedlander, Citigroup's senior fixed income strategist. Mr. Friedlander spoke about current matters in the municipal bond market as well as the possibility of losing or limiting of municipal tax exemption. This was a well attended event with close to 40 members present. The meeting was very informal and there was a lot of dialog back and forth. The BMAF was very grateful to Mr. Friedlander for his time and insight. In October, we held a tobacco panel discussion with Amy Hong from Goldman Sachs, Peter Block from Mogan Stanley, and Graig Saloon from Citigroup. BMAF members submitted questions ahead of time for a moderated question and answer session followed by an open Q&A with the group. This was another well attended event with over 40 members in attendance. The BMAF's final event of the year will be its annual holiday bowling party at Kings on December 7, 2011. This is our ninth year of hosting this event and it is always well attended and a lot of fun for the attendees. The Columbia Management team will be looking to defend its title and win the BMAF trophy.

The BMAF would also like to make note of the 2011 Massachusetts Institutional Investor Conference being held in Boston on December 2, 2011. This is the inaugural meeting and will include the Governor Deval Patrick and the State Treasurer Steven Grossman. The event will be held at the Boston Convention & Exhibition Center.

The current BMAF board is evaluating candidates for the treasurer's position that will be open in 2012. William Delahunty from Eaton Vance will be the BMAF President and Jude Scaglione from Columbia Management will be the Vice President in 2012. We have a great group of candidates and look forward to announcing the new treasurer. We are looking to close out the 2011 year and look forward to another exciting year in 2012.

Rick McBain



MSMA

Minnesota Society of Municipal Analysts

MSMA hosted a well attended summer social on June 15th which was highlighted by a night at the Twins game. To follow that up, MSMA held its fourth educational event of the year on September 14th on the Central Corridor Light Rail Transit project. Metro Transit Deputy General Manager Mark Fuhrmann and Met Council CFO Mary Bogie discussed the details of the 9.8 mile project connecting downtown Minneapolis with downtown St. Paul as well as the plan of finance.

MSMA's most recent event took place on November 9th, a lunch presentation focused on the Minnesota tobacco deal. Representatives from the state, Barclays and Public Financial Management (PFM) will present the assumptions and structure behind the upcoming \$787MM offering.

Todd Emerson



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INDUSTRY PRACTICES

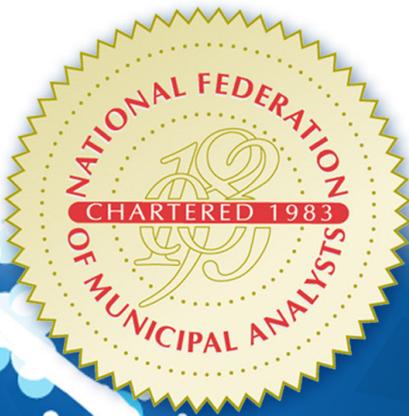
The Industry Practices and Procedures Committee, in conjunction with the Disclosure Committee, has been working to codify the NFMA's views on pension fund disclosures to the National Association of Bond Lawyer's (NABL) for its pension disclosure project. NFMA members, Greg Clark (NFMA Chair) and Gil Southwell, are representing the organization at NABL's meetings, providing the collective feedback of the working group. Given the concerns regarding unfunded pension liabilities and growing expenses associated with public pension plans, the NFMA's feedback and efforts to promote greater transparency and disclosures related to pensions is critical to ensure that analysts have adequate information to assess their impact on municipal issuers.

The committee is considering a number of suggestions proposed by committee members and other NFMA members. A project we are considering undertaking is to provide education on and a better industry framework for categorizing issues into sectors. Currently, the industry data providers generally utilize "use of proceeds" versus "security" to determine sector; which may not be the most useful way to break down the market for analysts and others working and/or investing in the municipal market. We welcome participation from the NFMA community on this project as well as your suggestions on other projects or undertakings for the Committee. Please contact Lisa Good at lgood@nfma.org if you are interested in participating in the working group or if you have suggestions for the committee.

*Mark Stockwell and Lisa Washburn,
Co-Chairs*



The NFMA Wishes Everyone a Safe and Happy Holiday Season.



NFMA CALENDAR

January 25, 2012 - NFMA Board of Governors Meeting, Westin Denver Downtown, Denver, CO

January 26-27, 2012 – NFMA Advanced Seminar on Real Estate Backed Bonds, Westin Denver Downtown, Denver, CO

April 17, 2012 – NFMA Board of Governors Meeting, Four Seasons, Las Vegas, NV

April 17-20, 2012 – NFMA 29th Annual Conference, Four Seasons, Las Vegas, NV

April 30 – May 3, 2013 – NFMA 30th Annual Conference, Westin Gaslamp, San Diego, CA,



NFMA

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

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