

The opportunity to serve the National Association of Bond Lawyers as its President is indeed an honor and a privilege. First, I wish to express my gratitude to the NABL Presidents with whom I have served and whose examples I hope to follow: Helen Atkeson, Linda Schakel, Bill Holby, Kathy McKinney and John McNally. Thank you for leaving the ship in such a good shape; we will need it as we sail into ever increasingly rough waters.

Next I want to congratulate John McNally on his achievements during his term and to thank him for his continued participation in the upcoming year.

In preparation for my remarks today, I read through the speeches of NABL's past Presidents. The speeches are interesting, each a reflection of their time and the personality of their giver. They are also powerful reminders of the size of the shoes which I have to fill.

However, there are significant common threads across the years:

- Maybe half of the speeches focus on NABL, its history, its recent activities and the incoming President's agenda for the upcoming year. The other half focus more externally: on then-current issues such as "pay to play", Circular 230 or, going way back, the aftermath and implementation of the Tax Reform Act of 1986.
- Brevity is key. Thus, while I will not be as brief as Wally McBride's remarks, I will not keep you much longer than needed to finish your glass of wine.

- Natural and economic disasters get prominent billing, ranging from Hurricane Floyd, to 9/11 and the postponement of the BAW, to Hurricane Katrina and to what was then called the “Subprime Crisis”.
- NABL Presidents are well read, quoting from The Boss, citing the opera “Lulu”, and comparing their term to that of President James Buchanan. For those who wish to learn about James Buchanan, I commend to you Neil Arkuss’ remarks.

However, it was Linda Schakel who invoked the “Perfect Storm”, a book title which aptly describes where we find ourselves today. A confluence of various forces has led us to a reality in which:

- President Obama’s initial proposals in the American Jobs Act would treat tax-exempt interest as a the tax expenditure to be partially sacrificed to offset additional stimulus spending;
- The White House’s draft Debt Reduction Act of 2011 includes tax-exempt interest as one of the tax preferences which would be cut if certain leverage ratios are not met;
- Representatives Michael Quigley (R-IL) and Patrick McHenry (R-NC) have circulated a draft bill which would authorize the SEC to require issuers to prepare Official Statements and continuing disclosures and to direct the content and timing of those documents; and
- The President’s American Jobs Act would also establish a National Infrastructure Bank. This idea sounds, and may be, positive for states and local governments struggling to fund needed infrastructure. However, certain commentators have

coupled the new infrastructure bank to the proposed phase-out of tax exemption for higher income taxpayers.

Several past Presidents have observed in retrospect that global or national events overtook their plans for their term year. As of today, I can easily identify a number of possible candidates for a tsunami which could impact the municipal marketplace:

- Municipal credit issues: could it be that Meredith Whitney is, in the end, correct? The troubles in Jefferson County continue, Harrisburg and the Commonwealth of Pennsylvania are in the news almost daily as their public struggle relating to Harrisburg's dire financial condition continues. The full ramifications of the Fiddler's Creek Community Development District decision to deny bondholders voting rights on the bankruptcy plan are have not been understood. The volatility of the equity markets has negatively impacted public pension fund returns.
- Sovereign debt issues in the EuroZone: what will be the potential impact on EuroZone financial institutions, including important participants in the municipal marketplace such as Dexia. The substantial derivatives positions of many of these financial institutions remind me of the terminations and cash settlements entailed by the Lehman bankruptcy and the bond insurers.
- U.S. economic recovery (or the lack thereof): the stagnant, economic situation is impacting not only state and local property and other tax revenues, but also the revenues of bond-financed projects and real-estate secured transactions.

- Ongoing political instability in the Middle East, whether Syria, the Palestinian request of the United Nations or Libya, any of which could impact the price of oil.
- Dodd-Frank and all its unfinished rulemakings.

I am afraid that not all of these challenges and external forces will evaporate without a trace, making it crucial for all of us to keep our eye on them, at the same time looking for the first ripples of new challenges. With all due respect to Linda, I think that I may have, as I stand here before you today, the “Perfect Storm” and anticipate that I may spend my term trying to steer NABL safely between the Scylla of tax legislation and the Charybdis of securities legislation and into calmer waters.

So how does NABL fit in? Two of NABL’s principal missions are members’ education and advice and comment at all levels with respect to legislation and regulations. As a result, NABL and, in particular its DC-based governmental affairs staff led by Penny Rostow, is in close communication and collaboration with other industry groups with respect to the various legislative threats to the municipal securities markets. In early September, NABL, together with twenty-one other organizations, sent a letter to the twelve members of the Super Committee urging that the exclusion of municipal interest from personal income tax currently in the Internal Revenue Code be retained in any emerging tax reform. To educate our members, NABL staff and the Tax Committee are maintaining on NABL’s website, www.nabl.org, a chart which sets out the various proposals which could affect tax exemption. NABL has sent two NABLnets, captioned

“Tax Exemption at Risk” on this tax exemption issue, updating members on developments and encouraging members to express their views and to get others to do so. Since these actions were taken, the draft Debt Reduction Act of 2011 was released, so clearly the threat is still very real. The ultimate resolution of the question is unclear. However, there are a number of proposals coming out of think tanks — both left-leaning and right-leaning — which support limitations or even the elimination of the tax exemption. These often are bellwether signals preceding congressional action. Additionally, it may also prove to be the case that those who may be hurt the most (the states and local governments) may feel constrained to make their views known publically, because they may feel that, on balance, they have more to gain from the other stimulus and jobs money at risk in the same legislative package. Other beneficiaries of bonds such as the nonprofit sector may have their own political Achilles heels taking away from their ability to lobby on the issue. In that light, NABL is not in a position to “fix” this problem on its own initiative. However, I can assure you that NABL will continue to provide its members, through NABLNETs, teleconferences or whatever other medium is warranted, what they need to know with respect to these or other proposals which may prove significant to our marketplace. NABL will also continue to support efforts by other municipal market stakeholders to make Members of Congress and other decision-makers aware of the consequences of various reform proposals. As set out in our prior NABLNETs, a key purpose of our sharing this information is to enable you or your clients to reach out to your contacts to express your opinion on the proposals. NABL’s Governmental Affairs Office stands ready to assist you and your clients with

substantive materials, as well as technical and tactical advice if you wish to undertake make your views known to Members of Congress or others in Washington.

“Grassroots” efforts such as these are not pie in the sky since, ultimately, all politics is local. For example, I was lucky enough to get the New York Times, which is, practically speaking, the closest we have to a “national newspaper” in the United States, to publish my letter to the editor in response to a recent article about the American Jobs Act effect on tax-exemption. Use your own imaginations: there are ways of getting the significance of the proposals across short of a march on Washington.

NABL serves an important role of bringing together bond lawyers from all across the United States, especially in times such as these. Standing together lends tremendous credibility whenever NABL speaks or takes leadership in a project. Let’s keep it that way.

What is on NABL’s plate for the upcoming year?

NABL will continue to help set the course for the municipal securities markets. Last year, John McNally stated in his speech that “the time is right for NABL to facilitate [a] dialogue” with respect to disclosure issues. He, Ken Artin and the Securities Law Committee have taken affirmative strides in that direction, including by leadership in the ongoing Public Pension disclosure project and through letters to the SEC regarding an update to its 1994 Interpretive Guidance. NABL’s leadership in this area has only gotten

more important in recent days with the circulation of the draft Quigley/McHenry bill. As an aside, I can see that this tax lawyer is going to get many opportunities to field questions outside of her comfort zone. I thank the securities lawyer members of NABL in advance for their support.

With respect to tax reform proposals, NABL will continue monitoring and prepare, as needed, 'white papers' or other materials. As appropriate, consistent with our role as "honest brokers", we will also pursue more technical projects such as NABL's recommendation to Treasury to authorize a transition rule to address refundings of various ARRA bonds.

I intend to ask the Municipal Law Committee to develop an understanding of the various infrastructure bank proposals, both in the Jobs Act and otherwise, so as to identify any technical issues on which we can add value or alert our membership, as appropriate.

NABL is a membership organization which relies upon active member participation. I want to encourage each of you to get involved. Even aside from projects responding to tax or securities law challenges, there are and will be projects undertaken by our committees, seminars with sessions to teach, newsletters with articles to be written, and so on. Reach out and you can get involved. You will only be enriched by the experience, both professionally and personally.

Similarly, if you have an idea, let us know. Kathy McKinney spoke about the aging of our demographics and updating the delivery of our services to members. I plan on asking the Education and Member Services Committee to assess what we should be doing differently to keep up with the various technologies embraced by our membership of all ages. That being said, I have always looked forward to attending NABL events and trust that many of you are finding friends and familiar faces here at the Bond Attorneys Workshop. While I just spoke of the need to embrace emerging technologies, I am aware that one of NABL's crown jewels is collegiality. Don't worry - we will not sacrifice that in the name of "progress".

Thank you all for the opportunity to serve as your President.