

NABL NEWS

NABL BOARD MEETS WITH GOVERNMENT REGULATORS, POLICYMAKERS AND HILL

On January, 20-22, 2010, the NABL Board of Directors held its annual Washington, DC, Board meetings. Traditionally, the Board uses this annual event to meet with regulators, lawmakers and other municipal market groups to discuss emerging developments in municipal finance and to advance NABL's mission of promoting the integrity of the municipal market. This year the Board was honored to meet with a variety of government officials involved in the policymaking and regulation of municipal securities, including John Buckley, Chief Tax Counsel, House Committee on Ways and Means; Elisse B. Walter, Commissioner, Securities and Exchange Commission; John C. Cross III, Tax Legislative Counsel, U.S. Department of Treasury; and Nancy Kopp, Treasurer State of Maryland, among others. The Board also met with representatives of the Senate Banking and Finance Committees and the House Financial Services Committees.

The purpose of these meetings is to provide a forum where the Board can gain an understanding of regulatory and policy priorities that these government officials and their staff will pursue in Washington in 2010, so that NABL can, in turn, focus its own agenda to maximize its opportunities to provide relevant and helpful counsel and technical advice. These meetings also afforded the NABL Board the opportunity to communicate to these key officials the concerns of the NABL membership and NABL's own regulatory priorities are in order to shape the national



Elisse B. Walter, Commissioner, Securities and Exchange Commission speaking with Board at recent meeting held in Washington, DC.

discussion in the coming year. In this task, the Board was armed with priority topics from our key NABL committees, including our Tax, Securities Law & Disclosure and Municipal Law Committees.

NABL President Kathy C. McKinney led the discussions, which she characterized as the "first of what we hope will

continued on page 2.

Inside NABL News

<p>NABL BOARD MEETS WITH GOVERNMENT REGULATORS, POLICYMAKERS AND HILL</p> <p>Page 1</p>	<p>NABL HOSTS DINNER FOR SIFMA'S NEW EXECUTIVE VICE-PRESIDENT FOR GOVERNMENTAL AFFAIRS</p> <p>Page 2</p>	<p>NABL MEMBER COMMITTEES</p> <p>Page 3</p>	<p>Q&A WITH KATHY MCKINNEY</p> <p>Page 4-5</p>	<p>WEEKLY WRAP TOP TEN STORIES</p> <p>Page 5</p>
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NABL BOARD MEETS WITH GOVERNMENT REGULATORS, POLICYMAKERS AND HILL (CONTINUED)



John Buckley, Majority Tax Counsel, House Committee on Ways & Means along with Aharon Friedman, Minority Tax Counsel met with the NABL Board.

be an on-going conversation throughout the year between NABL and key policymakers and regulators. Additionally, NABL invited representatives of some key stakeholder groups to meet with the Board. Over the three days of meetings, NABL was pleased to host representatives of the National Federation of Municipal Analysts (NFMA), the National Association of State Treasurers (NAST), the Government Financial Officers Association (GFOA), the Financial Services Roundtable (FSR) and the Securities Industry and Financial Markets Association (SIFMA). Representatives of these groups shared their priority goals with the NABL Board and discussed issues of common interest that NABL might pursue with each group.

NABL HOSTS DINNER FOR SIFMA'S NEW EXECUTIVE VICE PRESIDENT OF GOVERNMENT AFFAIRS

On January 20, 2010, in the midst of its January Board Meeting, NABL hosted a dinner to welcome SIFMA's new Executive Vice President of Government Affairs, the Honorable Ken B. Bentsen, to the municipal bond world. A former Democratic Congressman who represented the 25th District of Texas and who served on the House Financial Services Committee (and its predecessor, the House Banking and Financial Services Committee), Mr. Bentsen spoke about financial services regulatory reform to a dinner group that included not only the current NABL Board, but several past NABL Board members. Mr. Bentsen explained the securities industry's goals for financial regulatory reform and its desire for transparency and efficiency of regulation. He also made clear that municipal markets are a top priority for SIFMA, and that he had a particularly keen focus on the municipal area because he was himself an investment banker in the municipal and mortgage finance areas prior to serving in Congress. Separately, Leslie Norwood, Associate General Counsel of SIFMA, and Michael Decker, Co-Head of the Municipal Securities Division of SIFMA, met with the NABL Board over breakfast and discussed issues of mutual interest.



The Honorable Ken B. Bentsen speaking at a dinner with NABL Board members.

NABL Fundamentals Seminar

May 5-7, 2010

Denver, CO

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Diversity Initiative

William A. Holby – Board Liaison
 Serena L. Sparks – Chair
 Bonita K. Black – Vice Chair
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 Perry Israel - ex officio, Chair, Tax Law Committee
 Ken Luurs - ex officio, Executive Director
 Penny Rostow - ex officio, Director of Governmental Affairs
 Linda Schakel - ex officio, Chair, Website Editorial Board
 Scott Schickli - Member
 Serena Sparks - ex officio, Chair, Diversity Initiative

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Website Editorial Board

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 Charles P. Carlson – Member

Governmental Accounting Standards Advisory Council (“GASAC”)

John S. Overdorff – NABL’s Liaison to GASAC

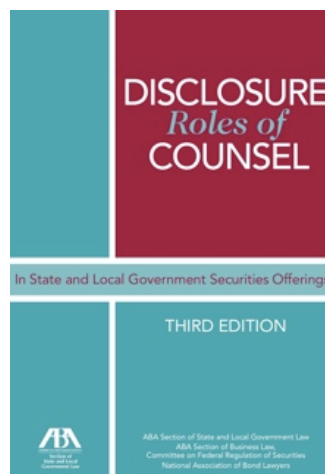
Working Group on Legal Opinions/ABA Opinion Committee

Allen K. Robertson – NABL’s Representative to the WGLO

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Q&A

A Chat with NABL President: KATHLEEN C. MCKINNEY GREENVILLE, SC

Q: Kathy, tell us about the NABL Washington Board Meetings.

The NABL Board meets five times a year, at least twice in conjunction with two of our largest national educational conferences, the annual Bond Attorneys Workshop and the annual Tax and Securities Law Institute. Once each year, in January, the NABL Board holds a special Washington Board Meeting, which allows the Board to meet with top federal government officials and Congressional representatives concerning issues of importance in public finance.

This year we met with a large and talented group of dedicated public servants involved in municipal securities regulation and market regulation.

While our conversations were far-ranging, there was a common theme: we shared with these law and policy-makers the views of our members about certain current and proposed laws and regulations and gave them our sense of how they are working in practice. Our government guests, in turn, shared their own agendas, as well as their regulatory and policy goals, with us.

As you can imagine, a great deal of discussion centered on the programs that were created by the American Recovery and Reinvestment Act of 2009 (ARRA), some of which are temporary and will expire at the end of the year if Congress does not act to extend them. We shared the sense of our members on what aspects of these programs have worked and also recounted the challenges some of our members have reported in implementing certain changes. We also discussed other market-related issues that our members have encountered in this past, most difficult, year.

But there were many other topics covered as well. We were pleased that the SEC's new head of Enforcement for Municipal Securities and Pensions, Elaine Greenberg, joined us and briefed us about her new office. We were also honored that Maryland's Treasurer, Nancy Kopp, met with us to tell us "what it is like out there" trying to keep a state's finances in order in these difficult market conditions.

The goal of the Washington NABL Board meeting is to have a genuine exchange of ideas with government officials regarding what is working and what needs additional clarification. We do not lobby for a specific policy in these meetings. Rather, NABL sees its role as being a technical advisor to these government officials. Of course these meetings also give us a chance to thank these dedicated public servants for their hard work on complex issues. They are very hardworking and this last year has been a real challenge for them!

Q: Were there issues that you felt were important to NABL members that the Congressional staff was not aware of before the meetings?

Well, our meetings were very interesting in that respect. Lots of attention

has been paid to certain programs that the American Recovery and Reinvestment Act created, like the BABs program. But other programs that have been important to our members and their clients have received much less attention. One example is the temporary changes that the ARRA enacted with regard to Section 265 of the Internal Revenue Code. These changes have been very important to small issuers and certain nonprofits, because they have eased the way for placing debt with banks. Many of these issuers have no credit rating and would not otherwise be able to issue debt under these current market conditions.

We were surprised that many of the Congressional staff we spoke to were unaware of these provisions and how important they have been. So following the meeting, NABL worked up a Member Advisory analyzing the provisions. The piece was drafted as an educational piece to help Congressional staff understand the importance of these provisions, which expire at the end of 2010. We concluded that the case for extending these provisions is strong and hope that our readers will encourage their clients to express their support for this extension. We have also shared this Advisory with several issuer groups, and some, like the Council of Development Finance Agencies (CDFA) and the National Association of Health and Educational Facilities Finance Authorities (NAHEFFA), have placed NABL's piece on their own websites!

Q: What is the NABL Board's agenda for 2010?

We have an ambitious agenda, but we also have the most dedicated and hardworking membership of any organization in this field to pursue it, so I am optimistic. In the tax area, we want to continue to provide technical guidance on a couple matters, including relief for bond issuers with surety bonds, who have encountered serious problems resulting from downgrades of the monoline insurers. With so few financing options available, issuers have been forced, at the most difficult time, to turn to using operating funds to replenish their reserve funds. We are looking for ways to help these issuers, perhaps with legislation or regulatory guidance that might permit them to borrow at tax exempt rates for the reserve fund.

In the securities area, the topic on everyone's mind is disclosure. NABL is proud to have issued its book with the American Bar Association, Disclosure Roles of Counsel, last fall and have had excellent feedback that the book is helpful to our members in very practical ways. But some regulators still believe that disclosure can be improved in some areas. We are looking at specific issues at the moment, including guidance on disclosing interest rate hedging agreements (aka "swaps") and on disclosing letters of credit.

Q: Kathy, what advice do you have for NABL members who want to know the best way to benefit from their membership?

First, we want NABL members to know that NABL's Washington Governmental Affairs Office exists to help them in Washington. It is part **continued on p. 4**



Q&A with Kathleen McKinney

continued from p. 3

of our member service. We hope all of our members feel comfortable calling or emailing Penny Rostow, the Director of NABL's DC Office, any time they have questions or concerns about Washington developments. She and the DC staff are happy to answer questions about proposed bills, regulations, or speeches that government officials have made or about Congressional hearings. Even more important, we want our members to let us know what they think of various proposed rules and changes affecting municipal bonds. We can only be effective for our members if they let us know what they think! We also hope our members will feel free to get in touch with the heads or members of our key committees about questions or concerns they have about specific topics. We are publishing the list of these committees and their leadership in this issue of NABL News for this reason.

Finally, we hope our members will take the time to get to know the resources on our new and improved website. We are also exploring the possibility of utilizing a discussion forum (on swaps for example) or an e-mail system that would allow members to ask questions or voice bond-related topics they find particularly relevant and that should be addressed by NABL.

*THE INTERVIEWER, DRAKE ACCARDI, IS A 2009 HONORS GRADUATE OF FURMAN UNIVERSITY WHERE HE MAJORED IN POLITICAL SCIENCE.

CALENDAR

May 5-7, 2010

Fundamentals of Municipal Law Seminar,
Denver, CO

October 27-28, 2010

Bond Attorneys' Workshop, San Antonio,
TX

March 3-4, 2011

Tax and Securities Law Institute, Austin,
TX

NABL Weekly Wrap Top 10 Stories

December - January

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| 1 | Idea of the Week: Technical Corrections Bill |
| 2 | NABL 265 Member Advisory: Extension of Temporary Changes to Section 265 of the IRC |
| 3 | MSRB Files Amendments to Change Rule G-37 and G-8 |
| 4 | SEC Releases Final NRSRO Rules |
| 5 | Treasury Releases Priority Guidance Plan |
| 6 | Tax Extenders (Rangel) |
| 7 | IRS Releases Arbitrage Notice 2010-5: Treatment of Certain Guarantee Funds |
| 8 | Idea of the Week: Jobs for Main Street Bill |
| 9 | MSRB Notice 2009-62 Requires Muni Dealers to Disclose Contributions to Bond Ballot Campaigns |
| 10 | NABL Submits solid Waste Disposal Facilities Comments |

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