

of the President were to choose a place to meet and a place to eat. Instead we faced a massive legislative effort. We have had limited success.

It has been a consciousness-raising experience for me. I've learned several lessons.

Don't be afraid to call on legislators and their staffs. The Congressmen and staffers need us. Our explaining to them what is needed is a form of political massaging. They feel put out if the affected parties don't massage them, especially if we didn't point out pitfalls before they fell into them.

Call them and go see them when you have something to say. You don't need an intermediary.

Many people and groups shared the effort.

We worked especially closely with the public interest groups led by the National League of Cities, the National Governors Association and the Government Finance Officers Association.

Within our own group I want especially to thank:

Ted Hester of King & Spalding, whose efforts produced significant improvements in the bill. An outstanding example is the small issuer exception to the nondeductibility of bank interest. He had to accomplish this twice--once to get it in the bill and all over again to defeat attempts to limit it to the first purchaser.

Amy Dunbar of Palmer & Dodge, who spent the year at the Washington offices of King & Spalding. She opened doors everywhere and established our credibility.

Forrest Walls of Preston Thorgrimson, whose input on municipal utilities (especially in regard to their service contracts) was enormously helpful.

Carlie Sorensen of Haynes & Miller, whose input on housing was indispensable.

Dave Reicher of Foley & Lardner, who helped us to educate the Congressional staffers on student loans.

Sam Stone of Stone Jessup, who, with his political savvy, showed us how.

But the legislative front was not all.

Wally McBride of Hunton & Williams ran the extraordinary fundamentals, IRS, and tax law seminars.

Bob Hilderbrand of Saul Ewing, who is sorely missed, created the IRS seminar.

Rich Chirls of Orrick Herrington ran a great arbitrage seminar for us.

We can thank Barbara Mayden of White & Case for another bulging Bond Attorneys' Workshop.

Herm Rosenthal of Semmes Bowen coordinated the written comments on tax regulations.

Jud Doyle of Nixon Hargrave prepared the comments on the \$40,000,000 IDB regulations.

Charles Roberts of Peterson Young supplied the comments on the principal user regs.

Ruth West Brown of King & Spalding offered her wonderfully acerbic oral comments at the hearing.

Jud Doyle's colleagues prepared the successful amicus brief in the Philadelphia Gear case.

Chuck Brodbeck of Karlowitz Hoffman & Brodbeck and John Kamins of Honigman Miller headed the group that up-dated the model opinion project.

The Committee on Legal Assistants has done an extraordinary job. Their statement on utilization (published in The Quarterly Newsletter) can help us all.

Their hot-off-the-typewriter draft of a paralegal job description for public finance is excellent.

Their educational program at the 1986 Fundamentals Seminar was well received.

We can especially thank Sandy Dahlke of Vinson & Elkins and LuAnne Center of O'Melveny & Myers, the Chairman and Vice-Chairman of the Committee.

The report on the role of counsel (in collaboration with the Business and Local Government Sections of the ABA) will be an extremely useful resource for us all. In thanking Bob Doty of Underwood Neuhaus, a bond lawyer emeritus, and Jack Gardner of Ballard Spahr, I am slighting all the others who made major contributions.

For everything, we can thank Rita Carlson and her assistants.

An unusual example is the shirt boards in front of us at this table. Paula Brown of the NABL staff has saved these from her husband's laundry to use as labels for our board members sitting here.

Thanks finally to Sharon White for her legislative efforts, including building bridges to the Joint Tax Committee staff, bringing us Munifacts, reorganizing and reinvigorating the committee structure, and most of all, for taking over tonight at long last.

PRESIDENT WHITE'S REMARKS

Editor's Note: The following remarks were delivered by Sharon Stanton White at the Association's eighth annual meeting as she assumed the presidency.

In my view, the tax reform legislative process is the greatest challenge facing the Association. In this regard there are four specific areas to be pursued by the Association this year: first, to continue to educate ourselves regarding the provisions of the Tax Reform Act of 1986; second, to provide constructive support in the implementation of the Act; third, to attempt to rectify the inequities of the Act; and fourth, to revisit the presumed constitutionality of the taxation of interest on State and local governmental obligations. We are, with gratitude to the leadership provided by past President Perkins, organizationally equipped to face such challenges.

Under its revised committee structure, the Association has eight standing committees and the ability to create special committees to undertake specific tasks. As I discuss the intended work of the Association this year, I will mention such committees, but, by way of introduction, the eight standing committees are the Committees on Education, Legislative Policy, Administrative Policy, Judicial Policy, Legal Resources, Professional Responsibility, and Legal Assistants, and the Bond Attorneys' Workshop Committee.

With respect to the first aspect of tax reform, education of ourselves, the members of NABL, in expressing their thoughts on the 1986-1987 membership application, stated a strong desire for what may be referenced as "verbal education", meaning seminars and the like, and "written information", meaning distribution of materials. With respect to verbal education, under the leadership of the Committee on Education, the Association will again conduct its seminars on arbitrage and fundamentals and will conduct a second seminar on fundamentals in the event that there is demand for the same. In response to statements on membership applications, the Committee is willing to conduct specialized seminars, for example, seminars regarding underwriters' counsel services, health care financing, or the like; however, such specialized seminars will be considered only following a further indication of interest and, in that regard, I would ask the members to contact Rita Carlson or myself if you believe that a special "mini-seminar" in a given area would be helpful.

In the area of "written education," the members have requested access to official documents (such as copies of legislation and the like), memoranda prepared by members, overviews and summaries of new legislation and regulations and up-to-the-minute news. In partial response, NABL has arranged for a special edition of the Muni-Facts wire service which is designed for bond counsel, and the Committee on Legislative Policy has agreed to make copies of official documents available to members on request. In addition, a Special Committee Regarding Information Dissemination has been established. This committee will study the extent to which it would be appropriate for the Association to act as a clearinghouse for legal memoranda and similar written materials through its executive offices in Hinsdale or otherwise.

In addition to assuring education of ourselves regarding the Tax Reform Act of 1986, it will be important for us to provide constructive support in implementation of the Act. In this regard, a special seminar will be held in February. The seminar will be held on a workshop basis, and will include an exchange of practical documentation relating to implementation of the Act as well as a revisiting of specific aspects of the Act such as those discussed at the September Tax Seminar in New Orleans. By practical documentation, I refer to such matters as

covenants to be inserted in base legal documents, certificates regarding use of proceeds, investment certifications, yield computation sheets, arbitrage certificates, model regulatory agreements and the like.

As regards implementation, perhaps the most important task for the Association to accomplish this year is the assurance of speedy release of practical, and legal, regulations promulgated under the Act. The Committee on Administrative Policy will be responsible for this activity of the Association and will assure oral and written communication with Treasury officials responsible for promulgation of regulations prior to their promulgations. In addition, they will prepare responses to proposed regulations. Also, the Committee on Education will conduct its second annual seminar for Treasury officials with a view to educating and inspiring such officials towards a workable interpretation of the law.

Again, with respect to implementation, a Special Committee for Model Opinions has been established. This Committee will attend to development of model language for guidance of law firms in structuring the tax-exemption paragraphs of approving opinions. Both proposed written comments on regulations as well as proposed model opinion language will be circulated for approval of the Board of Directors and, as appropriate, to the membership.

Finally, with respect to implementation of the Tax Reform Act of 1986, a Special Committee Regarding Rebate has been formed. This Committee will discuss the appropriateness of assumption by bond counsel of a continuing role in the administration of rebate requirements, and, if it is determined that this is an appropriate area for bond counsel, the Committee will commence the development of guidelines regarding rebate procedures and computations. The establishment of such a Committee was requested by many members on their membership applications.

Assuming then that we have first educated ourselves regarding the Act and have commenced implementation of the Act for our clients, the third area of Association focus will be towards rectification of the inequities of the Act. In this respect, the Association will coordinate its efforts with those of public interest groups in confronting the Act at the Congressional level. The Committee on Education expects to respond to requests of Congressional staff for a staff seminar similar to that which is conducted for Treasury officials. More importantly, however, the Committee on Legislative Policy expects to pursue legislation on three fronts: the provision of information regarding ambiguities for clarification in the "Blue Book"; the suggestion of technical statutory language changes for inclusion in the Technical Corrections Act; and the provision of drafting assistance for substantive modifications which may be requested by the public interest groups.

Finally, with respect to the Act and the continuing process of tax reform, it is time that we revisit the constitutional propriety of imposition of Federal income tax on the interest borne by State and local government obligations. The Committee on Judicial Policy will assume leadership in this area and will explore whether and to what extent NABL can pursue this question. The Committee will consider the extent, if any, of remaining constitutional arguments, the methods by which such arguments might appropriately be pursued through the court system, whether the Association can provide background research directly or through law schools for litigation efforts of others on this question and, generally, whether any issues remain for discussion.

The four prior matters relating to NABL activities regarding education, implementation, regulatory and legislative actions and re-examination of the question of constitutionality of the continuing process of tax reform are generally of an external sort. From an internal view, NABL has several additional activities to pursue this year. A Special Committee on the Model Engagement Letter has been formed to complete activities commenced last year under the Committee on Professional Responsibility. This Committee is developing a model engagement letter appropriate for use by bond counsel in accepting employment by, and outlining services for, public agencies. In addition, the Committee on Professional Responsibility will continue its fine efforts in gathering information regarding state judicial and administrative proceedings involving bond counsel. Such information will be compiled in a single location so as to provide a resource for members.

A number of members have expressed, as a part of their application forms, a serious concern regarding the standards of practice in the bond law community. A perceived decline of such standards has been vigorously noted and much blame is placed upon the speed with which transactions are required to be financed, the lack of opportunity for diligence and the political pressure brought to bear upon bond issuance. Because of the serious nature of membership concern in this area, a blue ribbon committee has been appointed for the purpose of examination of this concern, a determination of whether the Association can properly react to this problem and the development of alternative suggestions.

Finally, the Committee on Legal Resources has been organized to assist in all of the above external and internal activities. This Committee is designed in order for the Association to develop knowledge regarding its primary resource: its members. Initial statistics have been compiled based upon membership applications. You may be interested in some of the results. On a geographical basis our membership is not evenly balanced in that 31 percent of our members are located in the southeastern region of the United States while only

2.7 percent are located in the northwestern region of the United States. With respect to years of practice, over 75 percent of our members have less than ten years of experience. From the point of view of areas of practice, over half (57 percent) of our members practice (I hope the present tense continues to be applicable) in the area of small issue industrial development bonds, while only 32 percent have rendered opinions in the area of general obligation bonds.

In conclusion, if the role of bond counsel could be described succinctly, it might best be stated that that role is to provide constructive support for public financing. In other words, "we are here to help" could be the motto of bond counsel. Similarly, the Association is here to help its members, the Board of Directors is here to help the Association and I, for one, am here to help all of you in any way which you may deem appropriate. I am humbled and extremely honored to have been elected as your President.

BERNARD P. FRIEL MEDAL AWARDED TO CATHERINE L. SPAIN

At the Bond Attorneys' Workshop luncheon on October 16, the Association awarded its Bernard P. Friel Medal to Catherine L. Spain, Director of the Federal Liaison Center of the Government Finance Officers Association, in recognition of her extraordinary efforts during the tax legislative processes just concluded. In presenting the Medal, past President James W. Perkins delivered the following remarks.

The Tax Reform Act of 1986 is a mixed bag.

There has been a huge effort at damage control.

Cathy's the one who put it all together insofar as the public officer groups are concerned.

The thundering horses of the mayors, governors, legislatures and financial officers had often galloped in different directions.

As legislative director for the Government Finance Officers Association, she reined in the horses and made them one team.

She was the instigator, catalyst and il duce of the 1986 effort on behalf of state and local governments. She was more successful than you may realize.

Since earlier legislative brawls she never ceased to defend bonds for government enterprises that were caught in the IDB web.

She outflanked the tax writers with the Durenberger alternative (S. 2166) that forced compromise in the Senate. One of Cathy's victories