

## PRESIDENT'S COLUMN

(Editor's Note: the following are the remarks delivered by Theodore M. Hester as he assumed the presidency of the Association on October 18, 1989, in Chicago.)

I'm sorry you had the opportunity to witness democracy in action just before I stepped up to take over this office. Let me add my thank you to Joe Johnson. Joe has been a tremendous president, and it has been a pleasure for me to work with Joe. Joe, I thank you on behalf of the NABL membership.

I am honored to become NABL's eleventh president. I am humbled to follow in the illustrious footsteps of many presidents with whom I have worked: Joe Johnson; Dean Pope before him; Sharon White, who is in the audience; Jim Perkins; and many others. I owe each of them a debt of gratitude, and I will try to carry out my office in the fashion that I know they have done.

You are sitting there on the edge of your seats, obviously waiting to hear my agenda, or program. You can sit back. The organization is in good hands; there will be no revolution. Our Association grew out of an educational mission, and that will continue to be our principal mission. Our By-Laws, which I decided to take a look at earlier this afternoon, recognize one standing committee, and that is the Bond Attorneys' Workshop Committee. Interestingly, the By-Laws protect the Bond Attorneys' Workshop Committee from any unfortunate tampering by an overly-zealous NABL Board. It is very secure in its existence, and is self-perpetuating.

I want to acknowledge and thank Tom Stanberry for the excellent job he is doing in connection with the '89 Bond Attorneys' Workshop. I look forward to working with Jane Dickey, who will be Chairman in 1990.

In addition to the Bond Attorneys' Workshop, NABL has scheduled four seminars during the next year, to respond, I hope, to the specific needs of NABL members. We have scheduled, and you have been notified of, a special one-day rebate seminar that will be held in Dallas on November 13. We will have the Washington Seminar on February 14 and 15 of 1990, focusing on legislative, tax and securities law developments. The Fundamentals Seminar will once again be held in 1990, on April 19 and 20, in Atlanta. On May 10 and 11, in San Francisco, probably in connection with the resump-

tion of the '89 World Series, we will have an Arbitrage Seminar.

We are going to do our best this year to continue this educational role, which is what I think NABL has always done best. I do intend to ask our Education Committee to take a critical look at our educational programs, to assure that they have not gotten stale, to assure that we are meeting the needs of our members. In that regard, we obviously need your help. Tell me, or tell the other Board members, what you want in terms of further education, and we will try to provide it. I am asking for your input, and that is clearly contemplated by our Articles and By-Laws. One of our declared purposes is to try to solve problems relating to state and municipal obligations by providing a forum for the exchange of ideas as to law and practice in this field. The Bond Attorneys' Workshop is an ideal forum in which we try to solve problems that we encounter in our day-to-day transactions. Each of you, obviously, is participating in that process.

We also need your participation in solving a problem that is common to all of us, and that problem is developing a truce with Washington that will enable state and local governments to issue bonds, and will enable us to render opinions without concern that the law is going to change before we sign them. The only way the municipal industry is going to achieve that truce is by succeeding, on a state-by-state basis, in establishing a dialogue with members of Congress. Our founders were smart enough to call for education and forums. I am sure they also envisioned out-reach. We need forums of bond lawyers with members of Congress, with their own Congressmen. We need to educate not just each other in forums such as this, we *must* educate Congress about the problems that each of us is having in financing schoolhouses, roads, hospitals.

Many of you know that I have worked on the bond provisions of every tax bill of this decade, beginning with TEFRA in 1982. I will grossly simplify the stimulus for all of the restrictions that were imposed on bonds between 1982 and 1986 as being a relatively small number of abusive or excessive transactions, coupled with the total lack of success of state and local governments, underwriters, and bond lawyers in effectively communicating with Congress. Congress is not "out to get" state and local governments. It's just illogical; it doesn't make sense. Members of Congress simply do not

understand the problems in the bond area, and I am convinced that the best people to educate them are you. Your Congressman doesn't have time to listen to me or to listen to some Washington hired gun describe the problems to him. He *will* listen to you; he will listen to the mayor, the county commissioner in his district.

I was watching the Today Show this morning as I was getting dressed, and an interview related to the earthquake brought this home to me, rather graphically. There was a frustrated carpenter who had obviously volunteered his services sometime early last night, in helping to begin clearing up the debris, to begin getting people out from under this expressway that had collapsed. Well, this carpenter was complaining that he had been sitting there, cooling his heels, for about ten hours, while bureaucrats were discussing the problem. He wanted to get on with solving the problem, and people were just talking about it. Well, that's a lot like Washington. We simply cannot rely on Washington to solve anything. It is my judgment that it is up to *you* to solve those problems. One of my personal goals this year is to see if we can't get a few of you to host local forums with your own Congressmen, and with your city and county officials, where just a very small group of you can sit around talking about paving Main Street and how to do it most efficiently. I am convinced that a handful of educated, committed Congressional allies could assure the future of tax-exempt bonds.

At a minimum, I intend to ask NABL's Committee on Legislative Policy this year to call on you for factual information. You have now had to live with rebate for three years: how bad is it? Generalized whining isn't good enough. No one is furnishing facts to Washington about specific transactions. Without facts, those of us who are trying to dispute the allegations of zealous staffers just don't stand a chance. You have got to help us.

Let me wrap up by referring to a comment made by O.M.B. Director Darman to the National Press Club earlier this year. Darman was talking about Wall Street lawyers and dealers who are responsible for structuring some of the exotic leveraged buy-out transactions, but I am convinced that bond lawyers are the most talented professionals with whom I have dealt, and there is probably an analogy in these remarks. Darman stated, "Some of our most creative and energetic private sector talents

are motivated to invent paper transactions that merely reward financial manipulations rather than expand private productive capacity." Congress is very suspicious that bond lawyers spend a lot of time trying to squeeze the last penny of arbitrage profit out of bond proceeds, or that we just live to exploit some interest rate differential created by the tax code. It is time to demonstrate that most of us are much more interested in efficiently and responsibly financing the public projects that unite us. With your help, I think we can succeed in that goal.

Thank you. I look forward to serving as your president, and I adjourn this meeting. [Applause.]

## **PRESIDENT JOHNSON'S REMARKS**

I propose to continue, at least in part, a tradition begun by my predecessors and make this a "state of the Association" report.

### *General*

The state of the Association is good. As you heard earlier from Treasurer Richard Chirls, its finances are in reasonable condition, thanks in part to Executive Director Rita Carlson's careful stewardship of the exchequer (stewardship that would be more appropriate if her last name were "Mc-Carlson"), thanks in part to the first-rate job that Treasurer Chirls has done in supervising that exchequer and in overseeing and monitoring its expenditures, and last (but by no means least) thanks in part to your understanding attitude in accepting, without audible grumble, the modest dues increase that was put into effect as of the 1989-90 Association year. This increase will, I hope and believe, enable us, for the next year at least, to operate on a balanced-budget-basis, an achievement not yet matched in Washington.

Membership is about at the same level as this time last year, notwithstanding the post-1986 decrease in both the number and size of tax-exempt bond transactions. The Bond Attorneys' Workshop is again a "standing room only" success. Tom Stanberry and Jane Dickey have done a first-rate job - and Tom is not even a bond attorney now, much to our regret. Other Association-sponsored seminars and workshops were of high quality, thanks largely to Bob Buck, Pat Arey and Perry Israel, who chaired this year's Washington Workshop, Fundamentals and Arbitrage Seminars, respectively. You may be interested to know that attendance at Fun-