

HONESTY IS THE BEST POLICY:

Market Crackdown Warrants Secondary Market Disclosure Reminder

Over the last few months, several bankers have reported that they have had difficulty accessing continuing disclosure information from some of the municipal information repositories. You will recall that upon the closing of a financing, pursuant to SEC Rule 15c2-12, a municipality or school district is required to provide an executed copy of its “Undertaking to Provide Continuing Disclosure” to each nationally recognized municipal securities information repository (“NRMSIR”).

This annual update document should contain updated information about the issuer including financial and debt data. Such information is to be provided to each NRMSIR on or prior to the 180th day following the end of the issuer’s fiscal year. An audited financial statement must be delivered to each NRMSIR within 30 days after it becomes available and in no event less than 360 days after the end of each fiscal year. Jurisdictions with \$10 million or less in debt outstanding are exempt from providing continuing disclosure but are still required to provide notice of the occurrence of material events such as a credit rating change.

While the sole and exclusive remedy for failing to comply with the continuing disclosure rule is an action to compel specific performance of the undertakings by the jurisdiction, many underwriters are increasingly reluctant to place bids on bond issues if the entity is not compliant with its continuing disclosure obligation. This reluctance to bid could result in fewer bids and higher interest rates for non-complying jurisdictions.

CMA routinely files official statements for its clients’ note and bond issues with each of the NRMSIRs. We also provide continuing disclosure for those clients that have retained us to do so. We encourage all issuers to request an electronic version of their audited financial statement to facilitate continuing disclosure compliance and reduce their printing and mailing costs.

Please contact CMA’s Andrew Geiger at ageiger@capmark.org for an update on the status of your jurisdiction’s filing.

“I am’ is reportedly the shortest sentence in the English language. Could it be that ‘I do’ is the longest sentence?”

- George Carlin

GASB 45:

On the Horizon... and Coming Up Fast!

Municipalities and school districts across New York State and the nation should be preparing to disclose in their official statements how they plan to comply with the Government Accounting Standard Board’s (“GASB”) Reporting Rule 45 which is being phased in over the next three years. GASB 45 will have these jurisdictions account for their employees’ “other post employment benefits” or “OPEB” as it is being commonly referred to, based on actuarially determined amounts. Currently, most jurisdictions account for this liability on an annual, pay-as-you-go basis. Once GASB 45 is in effect, in addition to accounting for its annual liability, jurisdictions will have to actuarially account for unfunded OPEB liabilities. In her comments at the National Association of Bond Lawyers conference in February, the Municipal Securities Chief of the Securities and Exchange Commission stated that jurisdictions should disclose their OPEB liability as soon as it becomes known and shouldn’t necessarily wait until final numbers are available. Accordingly, issuers might expect Bond Counsel to provide OPEB disclosure language in conjunction with their next debt offering. Late last month, the New York State Association of Counties announced that it was developing a program that could help counties in New York address the funding of their OPEB liability.

Cont’d on back

Recent Sale Results

Issuer	Issue Type	Par Amount	Sale Date	Term	Rate	Winning Bid(s)
City of Glen Cove	BAN	\$14,992,228	April 4	1 year	3.87%	North Fork Bank, B of A
Orchard Park CSD	Bonds	8,796,270	April 4	16 years	3.98	Roosevelt & Cross
Rockland County	Bonds	24,512,500	March 29	13 years	3.91	Merrill Lynch
City of White Plains	Bonds	6,274,000	March 29	15 years	4.08	Roosevelt & Cross
Town of Orangetown	BAN	22,100,000	March 22	1 year	3.56	R&C, BNY, B of A
Niagara Wheatfield CSD	BAN	37,745,999	January 31	1 year	3.37	First Albany Capital

CAN YOU HEAR ME NOW?: CELL TOWER LEASES RECEIVE WARM MARKET RECEPTION

Has your municipality been approached by investors offering a lump sum amount to buy out your cell tower leases? Or, have you thought about 1) what would happen if technology changes so quickly that the need for cell towers might be eliminated or 2) industry consolidation forces your lease to be cancelled and this annual revenue stream dries up?

The only way to be certain you are receiving 'fair market value' for your cell towers is to competitively solicit bids from other companies specializing in this niche business. CMA has assisted many municipalities throughout New York to obtain the best deal possible for our clients and to develop a comprehensive strategy to maximize the return on this valuable asset. To learn more, please call CMA's Rick Ganci at (716) 662-3910 to discuss how CMA can help to assist you with this analysis.

GASB 45 cont'd:

The NYSAC plan would involve the creation of a trust fund that would help counties finance their non-pension retiree benefits. Many of these jurisdictions will be among the first in the state to fall under the new rule. GASB 45 compliance will be required for jurisdictions with annual revenue over \$100 million in their fiscal year beginning after December 15, 2006. For jurisdictions with annual revenue between \$10 million and \$100 million, compliance will begin in fiscal years commencing after December 15, 2007 and jurisdictions with annual revenue under \$10 million will have to comply commencing in their fiscal year that begins after December 15, 2008. Jurisdictions that fail to comply with the rule as required will be unable to earn a clean audit report and could ultimately affect the marketability of their debt.

CMA Welcomes Two New Additions To Team!

CMA Vice President Bill Glasso and his wife Belen welcomed the birth of their twin boys, William Douglas Jr. and Nicolas Eusebio at 2:30 and 2:31 a.m. on Saturday morning, January 21st. Billy weighed in at 4 pounds 15 oz and is 18.5 inches long. Nicolas is 4 pounds 7 oz and is 16.5 inches long. The boys, already running amortization schedules for many of our clients, hope to join the CMA staff full-time in 2027 after they graduate from Harvard. Please join us in congratulating Bill and Belen!

Questions? Call Richard Tortora at 516-487-9815, Michael Neumeister at 716 -662-3910, or Andrew Geiger at 212-946-2854



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CMA INVITES YOU TO "CMA DAY AT SHEA!"

CMA invites you and your guests to Shea Stadium on Saturday, April 15th to see the New York Mets take on the Milwaukee Brewers at 1:10 p.m. Come see whether the perennially disappointing squad from Queens (the Mets, not CMA) have the right stuff to make Shea Stadium the place to be on a Saturday afternoon in April...and October! We have a block of 100 upper deck seats inside the 3rd baseline (in the sun!), so feel free to bring the kids or grandkids.

Please stop by the CMA booth at the GFOA Conference or contact Richard Tortora (rtortora@capmark.org) at your earliest convenience so that we can arrange to have your tickets delivered to you.

Let's Go Mets!