

Supporting ACCESS

WASHINGTON REPORT

by Charles A. Samuels, Mintz Levin
General Counsel, NAHEFFA

As I write this, the House has completed passage of tax legislation which essentially would make permanent the individual tax cuts from last year and enact additional benefits and incentives to families and others. It is a very expensive package and almost entirely unpaid for except for making permanent the restriction on state and local tax deductions, SALT. No matter which way the election goes it seems doubtful that anything like this tax package will be enacted by the Senate.

The really good news for us is there is no hint of further negative bond- related provisions, and we would not expect them to be added next year even if the legislation precedes in some manner. Of course, we will remain vigilant. In our meetings on the Hill, especially among House Republicans, we found that one benefit of our intense, exhausting campaign last year against losing private activity bonds is that a whole bunch of folks understand what nonprofit tax exempt financing is and really don't want to mess with it.

That doesn't mean that even if the House and possibly the Senate go Democratic next year that we will not ever face new restrictions but the political reality that works in our benefit is that issues like private activity bonds, the repeal of advance refunding and SALT have become partisan political issues to some extent and that offers us some protection. Indeed, if the House switches parties we would expect a campaign to bring back advance refunding and SALT. This will not be an easy task because of the significant revenues attached to each but there will be major efforts. Many state governments will prioritize SALT over advance refunding. Advance refunding loss has not yet seemed to pinch much nationwide and a variety of other techniques, taxable and tax-exempt, are being used. Perhaps over time the case
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FUTURE NAHEFFA CONFERENCES

Spring 2019
Austin, TX

Omni Austin Hotel Downtown

Fall 2019
Portland, ME

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NAHEFFA President's Message

by Harry Huntley, Executive Director

South Carolina Jobs-Economic Development Authority



Iwould like to start by giving a big “shout out” to Nichole Doxey, Corrine Johnson and Mark Heller for a terrific Fall Conference in Denver. The combination of a vibrant city, great venues and excellent speakers made for a memorable week. For those of you who were there for my opening comments, you know that I love visiting Colorado, but this was the first time I had spent time in the city of Denver. I hope you took advantage of the great weather (record highs) and crisp air to extend your stay and enjoy the sights. Because of Hurricane Florence plowing through the Carolinas, I was able to head back to Rocky Mountain National Park for a few more days. Luckily, returning home was uneventful and my part of the state was spared the torrential rains that has caused record flooding in North and South Carolina.

Paula Drummond (Florida) and Bob Bacon (Pennsylvania) will be retiring later this year and were recognized in Denver for the contributions they have made to NAHEFFA over the past few decades. They will be missed, but I am sure that slowing down is not part of their retirement plans. Our congratulations to both of you and have fun in this next stage of your life.

NAHEFFA is a small organization, but we fight well

above our weight class because of participation by our members. When I coached high school golf, I preached to my players to never expect to get more out of something than you put into it. The same thing holds true for NAHEFFA. Get involved, join a committee, and come to the conferences. The roundtable sessions at the conferences have become a great sharing and learning opportunity. There is a part for everyone and your help is always needed if we are going to continue serving our borrowers effectively for years to come.

Later this month I will be hosting the 7th Annual JEDA Bond Summit in Charleston. This is a great networking event for all of the professionals who work on my bond transactions. Unfortunately, it seems that emails and conference calls have taken the place of closing dinners and we have less personal contact with everyone we work with. I am aware of other authorities who have similar events for borrowers, too. This is a great way to keep things more personal and build strong relationships.

I am excited about our Spring Conference in Austin, Texas. This will be a good opportunity to recruit some new members in the fastest growing state in the country. My daughter recently moved to Austin and promised that we would have a great time. ■

**PLEASE VISIT THE NAHEFFA WEBSITE
FOR PRESENTATIONS FROM THE
2018 FALL CONFERENCE**



Chuck Samuels

will be built about the impact on public and nonprofit services of the unavailability of that mechanism. As you may find in your financings that the inability to do advanced refundings is significantly adversely affecting your borrowers, please let us know.

We will endeavor to put improvements on the table, including permanent liberalization of bank deductibility, perhaps as part of an infrastructure effort. But, frankly, a divided Congress next year will be so diverted into investigations and other Kabuki dances relating to the presidential election that it's hard to think that bipartisan legislation of that nature will pass.

We will keep up the advocacy and you each need in every state to make sure your congressional delegation understands the good work that's being done.

In the more meat and potatoes area of securities and banking regulation, we remain active. We have had good dialogue with MSRB about our use of financial advisors and will be briefing its staff on relationships with underwriters. If authorities are finding that MSRB guidance on financial advisors is unreasonably cramping relationships and processes beneficial to your borrowers, please let us know. Dodd- Frank revision legislation passed that reversed HQLA (high quality liquid assets) irrational restrictions on big banks investments in highly rated municipal bonds which should benefit some of our borrowers. Trying to enact the same reform on money market funds is proving to be more difficult because of divisions within the mutual fund industry, but we continue to be supportive of maintaining the largest possible universe of buyers.

On August 20, the Securities and Exchange Commission added two events to the existing fourteen events under Rule 15c2-12, which requires certain notice filings with the Municipal Securities Rulemaking Board's EMMA system within ten business days of occurrence. The new events require issuers and obligated persons in municipal securities offerings to contract to file notice of:

- Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material ("Event 15"); and
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties ("Event 16").

Although it doesn't affect our authorities directly it certainly affects our borrowers. We will need to monitor the implementation of this mandate.

I'm not going to comment on anything else going on in Washington because you can see it on your screens as well as I can. The election is close at hand. I think that more or less the status quo will be maintained, but the conventional wisdom holds that the House will flip and even possibly the Senate.

We'll see. ■

GREETINGS FROM THE NAHEFFA SPONSORSHIP COMMITTEE

The NAHEFFA Fall Conference in Denver, CO was held last month and was a great success. We would like to thank our 2018 Conference Sponsors for your continued support. NAHEFFA would like to remind you of our 2019 Conference schedule so that you can start planning ahead. More information will be provided soon.

- 2019 Spring Conference - Austin, TX
- 2019 Fall Conference - Portland, ME

NAHEFFA encourages our sponsors to attend and participate in these conferences. Sponsor attendance at our events helps to build stronger relationships, reach key decision-makers in the industry and increases your organization's exposure. NAHEFFA conferences are attended widely by NAHEFFA Members including authority board members and staff. These conferences also provide an opportunity to increase your awareness of issues and concerns in the industry.

NAHEFFA would also like to thank our sponsor chair, Shannon Govia. Shannon has chaired this committee for some time now with such skill and grace and has fostered such great relationships with our sponsors. Shannon will be moving on from the sponsor committee next year and he will be missed.

Best regards,

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