



NAST Review

Newsletter of the National Association of State Treasurers

Winter 2009

NAST Annual Conference Addresses Pressing Challenges in Public Finance

With signs of a national economic recovery appearing on the horizon, state treasurers looked ahead to the future of public finance at the 2009 NAST Annual Conference in Dana Point, California. Hosted by California State Treasurer Bill Lockyer and his staff, the conference addressed the changing nature of institutional investing, federal oversight of the financial industry, and the economy itself.

Leading financial sector experts discussed the ongoing challenges of short-term investing and management of long-term trusts. A panel of treasurers also shared success stories about new programs launched in their offices.

The Economy

State budgets, like the larger economy, are subject to fluctuations from year to year. The current downturn has hit many states harder than any recession in decades, however. Christopher J. Ailman, Chief Investment Officer of the California State Teachers' Retirement System—one of the nation's largest

pension systems—led a group discussion of what state officials can expect to see in coming months. The other participants, Howard Marks, Chairman of Oaktree Capital Management and Michael Milken, Chairman of the Milken Institute, offered both upbeat and pessimistic observations.

Mr. Marks noted that the credit crunch was easing, providing firms and public entities with easier access to capital than in previous months. Still, he said very few companies currently had revenue growth. The rising profits of some companies, he noted, were largely due to cost cutting, which can create a drag on the economy.

Mr. Marks also warned of more write-offs from lenders and falling commercial real estate values. He predicted lackluster economic growth for some time.

Mr. Milken spoke of the importance of human capital and the ways to build this asset. He named immigration, education, and health care as the sole means of increasing it. He urged policy makers to find ways of improving the nation's primary education system

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State treasurers gathered for the 2009 Annual Conference in California.



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NAST Review

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NAST Mission

The National Association of State Treasurers will provide advocacy and support that enables member states to pursue and administer sound financial policies and programs benefiting the citizens of the nation.

Executive Director's Notes

It has been a very eventful time for us since the last issue of NAST Review. We have been working hard to increase our communications capacity both internally and externally – among other things. Several steps have already taken place including the development of a Treasurers-only Listserv allowing Treasurers the opportunity to ask questions and raise issues amongst themselves. The College Savings Plans Network has also created a listserv for its members. These are both in addition to the listserv and bulletin board already in place by the Debt Network and NAUPA. We have also increased our technological capacity and have recently added the ability to hold webinars. The Debt Network has been leading the way in educational programming for its members using this tool. The webinars they've held have been enormously successful.

In order to improve our external communications capacity we are in the process of developing an RFP for a contractor to update and upgrade the NAST website. The RFP should be released in the near future, a firm selected early in the New Year, and work beginning soon thereafter. Any suggestions on how to enhance the website are always welcome.

In order to improve programs and communications with all NAST members, we have been conducting a membership survey. Thank you very much to all of you who completed the survey. Our response rate has been much higher than in similar organizations. The data

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A Message from the President of NAST



2009 has been a very busy year for our association. I want to begin by thanking California Treasurer Bill Lockyer and his outstanding staff for their work on the Annual Conference in Dana Point. It was a great meeting filled with discussions of issues that affect our work as public finance officials and ideas to take home with us. Treasurer Lockyer and his staff also showed us tremendous hospitality as we enjoyed their beautiful state.

We're looking forward now to the 2010 Annual Conference in Williamsburg, Virginia. Congratulations are also in order for Treasurer Kelly Schmidt, who will play host to the conference in North Dakota in 2011.

Many of you have been working hard this year on various parts of NAST's legislative agenda, and we have made a lot of progress. Our "Operation Rightful Owner" initiative for unclaimed U.S. savings bonds continues to gather support in Congress. Our college savings initiatives are moving ahead as we look for ways to improve 529 plans. And NAST has made its voice heard on a variety of regulatory developments including reforms to the municipal market and changes to student loans. These federal projects are a team effort and they exemplify what

treasurers can achieve on behalf of our states when we work together.

As you know well, the national economic downturn has created difficult problems for state finances and, by extension, for NAST. We have taken proactive steps to adapt to budget shortfalls and ensure that NAST will continue providing valuable information and educational opportunities. I want to thank all of our members who remain committed to a vibrant and relevant organization.

This year we have also tried to improve NAST's ability to respond to changing events in a timely manner with public positions and resolutions. Since we only meet in person a few times each year, it's critical that our organization has the capacity to gather members' ideas and discuss issues between conferences so that NAST remains an active participant in policy debates. I'm pleased that we have developed this year an interim policy development process that allows our members to raise issues and have them addressed promptly.

As we head into 2010, we still have serious issues in our individual states and nationally, and there are many opportunities for NAST and its networks to have an impact. I'm looking forward to continuing our work together to meet these challenges. My door is always open to you at (802) 828-1452 or treasurersoffice@state.vt.us.

Jeb Spaulding
NAST President
Vermont State Treasurer

News and Activities from NAST's Networks

SDMN Expands Education Program

This summer, the State Debt Management Network offered its and NAST's first-ever webinar for members. Titled "Using Federal Stimulus Dollars to Finance Projects," the session addressed ways that the federal stimulus package provided funding for state projects. SDMN has run a series of educational conference calls for several years, and with the addition of webinar technology, members can now follow presentations on their computer screens as well as listening to them.

In August, the network began a three-part series on the essential concepts of municipal finance. The "Muni Finance 101" webinars are designed as introductions for members who are new to the field of debt management and as refreshers for veterans. Both of the first two sessions attracted around 50 participants and are now available to members on sdmn.org for archived viewing. The third session is planned for early 2010. The network then plans to develop a series of "201" seminars that address more advanced concepts.

NAUPA Tackles Education and Reporting

The National Association of Unclaimed Property Administrators held its first webinar, "Unclaimed Property 101: The Essentials of Reporting and Compliance," on September 30, 2009, which was attended by 1,000 participants. NAUPA hosted the free event to further its mission of training to assist states by furthering education that results in understanding and compliance with unclaimed property laws. The entire webinar can be viewed on the NAUPA Web site at www.unclaimed.org.

The Uniformity and Standardization Committee, chaired by Carolyn Atkinson (W.V.), is working through its own community of practice (COP) and mastermind groups to address two very different reporting matters. The Reporting Software group, facilitated by Barbara Rice (S.C.), was created to pursue the development of basic multi-state holder reporting software that would be provided to states and holders free of charge without interruption. An RFP has been issued and is available on the NAUPA Web site. The Codes group, facilitated by Kathy Janes (Ok.), is studying the need for additional property type codes to the NAUPA Standard Electronic File Format for tax-deferred assets.

Another COP, Stocks, Bonds, Mutual Funds, & Tax Deferred Issues, facilitated by John Gabriel (Tenn.), is continuing discussions

with members and industry groups to work through technical concerns that will bring more clarity and help to streamline the securities reporting process.

CSPN Examines Rollover Requirements, Governing Principles

The College Savings Plans Network Operations Committee has been reviewing 529 plan rollover requirements and forms in an effort to accomplish two goals: 1) identify the rollover requirements for each 529 plan administered by either a fund manager or directly by a state and 2) explore the feasibility of adopting industry-wide guidelines for consistency in the forms related to rolling funds between 529 programs. The committee has found that rolling over of funds from one plan to another is inherently complex and has undertaken this effort to identify ways that CSPN may be able to restructure and simplify the rollover process thereby making this operational task more user-friendly to the college saver.

The CSPN Legal and Regulatory Affairs Committee appointed a working group to develop a set of principles governing the maintenance of Section 529 plans. These principles are being developed by CSPN to provide guidance to state entities that establish and maintain qualified tuition programs pursuant to Section 529(b) of the Internal Revenue Code of 1986. The principles are intended to provide a framework for state issuers to develop operating standards that will 1) complement each 529 Plan's enabling legislation, 2) provide transparency of performance, and 3) enhance oversight and monitoring of Section 529 Plans. The work of both the committees will be discussed in greater detail as part of the college savings track at the 2010 NAST Treasury Management Conference in Salt Lake City, Utah.

Finally, CSPN has recently implemented a listserv at CSPNStates@nast.org. This service is being provided in an effort to further CSPN's mission to provide benefits and services that enable member states to provide and administer 529 plans benefiting the citizens of the nation. The listserv will provide members with a place where they can ask candid questions and receive forthright answers or exchange any other information.

Executive Director's Notes

(continued from page 2)

collection phase is now finished and Corona Insights – our research firm – recently presented the findings of the survey during the Issues Conference in New York City. In the next few weeks, the final report will be sent to all members. The data will be turned over to the Long-range Planning Committee and sent to each of the Networks' executive committees so if any changes are needed they can be put into place as quickly as possible. We have started making some of the smaller changes that the preliminary data suggest including publishing a monthly legislative update informing everyone of our on-going legislative activities.

It is an honor and a privilege serving as the NAST Executive Director. It's hard to believe that a year has gone by already. I am really looking forward to what the future has to offer. Remember, I am always just a phone call, email, or visit away. Please let me know if you have any questions or concerns or ideas about how to build a better organization for all of us.

Jon Lawniczak

NAST Annual Conference Addresses Pressing Challenges in Public Finance

(continued from page 1)



Georgia Treasurer Dan Ebersole received the Harlan Boyles/Edward T. Alter Distinguished Service Award; Vermont Treasurer Jeb Spaulding received the Jesse M. Unruh Award; and Amy Michaliszyn of Federated Investors received the Corporate Affiliate Award during the Annual Conference.

their traditional business plans in light of free online content. The “free” economy is also affecting state taxes because, as Mr. Schwartz stated, people don’t pay taxes on illegal media downloads.

Maria Ramirez, President of Maria Fiorini Ramirez, Inc., offered forecasts for specific parts of the U.S. economy. She said that housing starts and sales appeared to have reached a nadir. Business inventories, too, were beginning to increase after a large liquidation process in the first half of 2009.

Ms. Ramirez suggested that the recovery would be tepid, saying, “household balance sheets remain a wreck, and consumer spending is unlikely to grow in a significant, sustained fashion for quite some time.”

Even as businesses and consumers hope for the recession’s end, federal officials are considering ways to prevent a repeat of the financial industry’s 2008 meltdown. Richard C. Breeden, Chairman of Breeden Capital Management LLC; Anne Sheehan, Director of Corporate Governance for the California State Teachers’ Retirement System; and John C.

and to welcome wealthy and highly-educated immigrants who will come to America and create businesses and jobs.

Also looking to the future was Peter Schwartz, Cofounder and Chairman of the Global Business Network. He discussed macroeconomic factors such as the ongoing weakness of consumer spending and the possibility of more losses in the financial sector. He also noted that other events such as pandemic influenza outbreak or natural disasters could put additional downward pressure on the economy.

Mr. Schwartz talked about a range of other issues such as demographics and globalization. He said that in 2010, for the first time, half of the world’s population will live in urban areas. The Internet, in addition to facilitating international communication, is forcing industries such as music and newspapers to redraw



Conference attendees enjoyed an evening in California at the historic Mission of San Juan Capistrano.

Williams, Executive Vice President of Federal Reserve Bank of San Francisco discussed potential reforms. They mentioned the “Principles of Financial Regulation Reform,” a document developed by CALSTRS and other large pension funds and endorsed by NAST (Please visit www.nast.org/resolutions.htm to review all the resolutions adopted at the conference).

Ms. Sheehan said that more disclosure on the part of financial companies and rating agencies is needed for regulators to do their jobs effectively. She said agencies like the Securities and Exchange Commission need to tailor the investor protection efforts to the various types of investors who participate in the markets. Large investors, such as pension funds, have the ability to conduct due diligence that individual investors cannot do. Ms. Sheehan said institutional investors should communicate their observations of the market with regulators to improve oversight.



Kentucky Treasurer Todd Hollenbach, South Carolina Treasurer Converse Chellis and Alaska Deputy Commissioner of Revenue Jerry Burnett participated in the Innovations Roundtable.

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Treasury Innovations

Nine state treasurers demonstrated that their offices are dynamic entities within state government during the Treasurers' Innovations Roundtable. From cash management to college savings programs to municipal bonds, treasuries are adapting to provide better customer service and improved efficiency. Materials from the presentations are available online at www.nast.org/2009annual/program.htm.

Alaska Deputy Commissioner of Revenue Jerry Burnett presented the state's remote deposit capture program, which has improved the way Alaska processes checks. Designed in accordance with the 2003 federal law on check clearing, the program allows state agencies to scan checks and send them electronically for payment. Remote deposit capture makes funds available sooner, reduces costs associated with moving hard copy checks and allows the state to extend the hours of its daily deposit window.

Arkansas State Treasurer Martha Shoffner discussed the state's Aspiring Scholars Matching Grant Program, which was designed to encourage low and moderate income families to save for college. Participants in Arkansas's 529 program with incomes under \$60,000 can apply for matching funds to supplement their own savings. Aspiring Scholars was launched as a pilot project and proved successful in its first two years of operation. From about \$47,000 in matching funds in 2007 to approximately \$286,000 in 2009, the program has grown rapidly and is now likely to become a permanent part of the 529 program.

Washington, D.C. Treasurer Lasana Mack presented the District's new Income Tax Secured Revenue Bonds. The program funds capital improvements and the bonds have been highly rated. In August, the District offered income tax bonds and received orders for 125 percent of the sale amount. The new bonds, which refunded older securities, will save the city more than \$31 million. To increase awareness of the bonds and promote retail sales, the District established buyDCbonds.com.

Missouri State Treasurer Clint Zweifel explained his Invest in Missouri initiative, which was enacted in June by the state legislature. The new law expands the state's linked deposit program by increasing the number of small businesses eligible for low-interest loans. It also removes the statutory interest cap on state time deposits. Removing the restriction will allow the government to earn yields closer to what individuals and businesses make. The treasurer championed the changes throughout the legislative process.

North Carolina State Treasurer Janet Cowell remarked on a lesson she learned at the NAST New Treasurers Symposium before even taking office: conducting an audit. She said veteran treasurers advised her during the symposium to use her

first months in office to undertake a top-down review of the treasury's operations and look for ways to bring new ideas into practice. In March, Treasurer Cowell introduced a variety of changes to her office, including cooling off periods for former employees who later market services to the state, a new request for proposals process, an expansion of the state's Investment Advisory Committee, and the posting of quarterly reports regarding investment performance on the treasury's web site.

Ohio State Treasurer Kevin Boyce introduced two financial literacy efforts from his office. The Smart Money Choices Conference Tour is building on the success of the treasury's nearly decade-old Women and Money conference program by offering workshops for the public across the state. The 2009 programs are tailored to the economic challenges currently present in Ohio. The treasurer's office also runs the Center for Public Investment Management, which educates hundreds of state and local government fund managers every year. Treasurers Boyce also discussed economic development initiatives. Further information is available in the treasurer's presentation, available on the Annual Conference web site.

Oklahoma State Treasurer Scott Meacham presented his office's online trading program for state investments. The electronic trading platform replaced a process of buying and selling over the phone. The change made trading quicker and more efficient. It also allowed for more competition and helped ensure that the state receives the best returns on its investments. The Oklahoma Treasurer's Office is the first state agency in the United States to implement a real-time online trading system for state investments with no fees to the participants.

South Carolina State Treasurer Converse Chellis showed three videos promoting the Future Scholar college savings plan. The videos featured the football coaches of two major South Carolina universities trying to coach young students to humorous effect. The message was clear: that the state's 529 plans are great ways to plan for children's higher education. The videos can be found at www.treasurer.sc.gov.

West Virginia State Treasurer John Perdue, long a proponent of financial education, discussed his NetWorth initiative, which was recently enacted by the state legislature. The program seeks to integrate personal finance lessons into math, language arts and social studies curricula for students in kindergarten through the 12th grade. The treasurer's office is working with the state Department of Education to develop instructional guides for classroom use and educate teachers about the material. A pilot program is underway this school year and by 2010 NetWorth should be implemented statewide. Treasurer Perdue and his partners in the program have placed an emphasis on providing West Virginia students with meaningful skills they can apply in the real world.

Federal Activities

NAST is actively pursuing a number of policy goals in Washington, D.C.

State 529 Education Savings Plans excluded from House version of Consumer Financial Protection Agency legislation.

A key Obama Administration initiative is a new Consumer Financial Protection Agency, and legislation to create such (H.R. 3126) was introduced in the House of Representatives in July and was referred to the House Financial Services Committee (HFSC). Fearing that the proposed agency's broad and largely-undefined authority might allow it control over state 529 education savings plans, NAST's Director of Federal Relations met with key House committee staff, and as a result of these discussions drafted a resolution which, after changes by members of the College Savings Plans Network's Board, was adopted by NAST at its annual meeting in September. The resolution affirmed NAST's desire that state 529 education savings plans remain under the oversight of the Municipal Securities Rulemaking Board.

On September 25 Chairman Frank released the text of a revised draft CFPA bill, a provision of which prevents the CFPA from exerting any oversight over either 529 plans or retirement plans that exist under sections 401(a), 403(a), 403(b), 457(b), 408 or 408A of the Internal Revenue Code.

Operation Rightful Owner. The bill pending before the Senate Finance Committee (S. 827) was introduced by Senators Jay Rockefeller and Pat Roberts in April 2009 and has seven other co-sponsors. Thanks to the efforts of Nevada Treasurer Kate Marshall, Rep. Shelley Berkley (D-Nevada) recently agreed to become the primary Democratic sponsor of the House version of ORO legislation. Treasurers are continuing their efforts to secure additional sponsorships in the Senate and at the request and suggestion of NAST President Jeb Spaulding conducted an all-treasurers conference call on October 30 to discuss the legislation and decide on additional steps to generate support for it.

Student Financial Aid Reform.

Supporters of 529 College Savings Plans

were pleased to learn from NAST's Federal Director that a student financial aid reform bill (H.R. 3221) that passed the House of Representatives on September 19 contains a provision that works to the great advantage of low and middle income savers. This bill, whose primary thrust is to remove private lenders from the federally-guaranteed loan mix, contains a provision that would exclude from financial aid calculations the first \$150K of assets held by a family or independent student. This means that for low and middle income families the funds they accumulate in a 529 plan will not count against the student when it comes to determining eligibility for a Pell Grant or for a federally-subsidized college loan. This is an outcome that is consistent with the CSPN's federal initiative on this topic, which NAST adopted at its annual meeting in September 2009.

Financial Literacy Legislation.

NAST is monitoring two bills designed to encourage financial literacy education: S. 638, sponsored by Senator Patty Murray (D-Wash.) and H.R. 1645, sponsored by Rep. Carolyn McCarthy (D-N.Y.). The membership also approved a resolution supporting personal finance education at the annual conference, and the resolution was sent to both lawmakers.

Credit Rating Agency Reform. A bill that would require the Securities and Exchange Commission to impose certain standards on Nationally Recognized Statistical Rating Organizations is currently making its way through the House of Representatives, with a "discussion draft" being considered by the House Financial Services Committee. Because this draft bill reaches issues that NAST addressed in a 2008 resolution, on October 23 NAST, along with other state and local governmental organizations, sent a letter to committee chairman Barney Frank urging passage of the legislation.

Attempt to Repeal Tower

Amendment Unlikely. Securities and Exchange Commission Commissioner Luis A. Aguilar stated during a public hearing on July 15, 2009, that he would like to see the Tower Amendment repealed. NAST adopted resolutions in both 2007 and 2008 opposing repeal of the Tower Amendment,

which was adopted in 1975 to prevent the SEC from requiring filing and reporting by state and local governmental entities that issue municipal securities.

In an attempt to determine how serious the Commissioner was in his call for Tower Amendment repeal, NAST's Director of Federal Relations met with the Commissioner on September 15, accompanied by two staff from NAST's legislative consulting firm. At the meeting Commissioner Aguilar stated that he realized the political difficulties of attempting to repeal Tower and assured the NAST representative that repeal of the Tower Amendment was not high on his priority list.

Floating Net Asset Value (NAV) for Money Market Funds. Pursuant to an initiative by New Hampshire Treasurer Catherine Provencher that resulted in a resolution adopted by NAST at its 2009 annual meeting, NAST sent a letter to the SEC on September 8 opposing the agency's proposal to provide for a Floating NAV for money market funds.

Comment Letter on EMMA. The Municipal Securities Rulemaking Board proposed that government entities "voluntarily" file their financial reports on that organization's Electronic Municipal Markets Access web site (EMMA) within 120 days after close of their fiscal year. NAST filed a letter of comment with the Securities and Exchange Commission—with a copy to the MSRB—on September 25 stating that it thought that 180 days was a more reasonable expectation for such filings.

MSRB and Bank Holding Company Political Action Committees. On September 16, the MSRB issued a proposed amendment to its Rule G-37. This change would require the mandatory disclosure of dealer-affiliated bank and bank holding company PAC contributions to issuer officials, even if the PACs are not controlled by a dealer. NAST has not taken a position on this proposed rule change.



Alpha or low correlation?

- > In Asia
 - Absolute Asia Asset Management
- > In Europe
 - AEW Europe
 - Natixis Asset Management
 - Natixis Multimanager
- > In the U.S.
 - Active Investment Advisors¹
 - AEW Capital Management
 - AlphaSimplex Group
 - Aurora Investment Management²
 - Capital Growth Management
 - Caspian Capital Management
 - Gateway Investment Advisers
 - Hansberger Global Investors
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NEWS

from the States

GEORGIA

Georgia 529 Plan Recognized for Branding
 In August 2007, Tennessee partnered with Georgia to promote Georgia's Path2College 529 Plan in order to offer families a college savings plan with lower fees and more investment options. Program manager TIAA-CREF and the state recognized the need to change how the new plan would be marketed to appeal to a broader number of families outside of the Georgia area.

Working with marketing firm Epsilon, they developed Georgia's Path2College 529 Plan from the ground up with a multi-faceted approach that included a redesigned logo, website, email, direct mail and more.

All marketing components now have an integrated design, sophisticated color palette and copy tone that is emotive, straightforward, and informative. The combination of elements works to emotionally connect with clients encouraging them to open new accounts or continue contributions to existing accounts.

TIAA-CREF was recently named first place winner at this year's American Bankers Association's Financial Marketing Awards. The ABA Financial Marketing Awards recognize bank and financial services marketing professionals and their agencies for creative excellence based on asset size.

"We are very pleased with the work done by TIAA-CREF and Purple@Epsilon on our rebranding campaign," said Chuck Penuel, Director of the Path2College 529 Plan. "We believe the new plan name clearly describes who we are and the service we offer to families."

NORTH DAKOTA

Treasurer Named Toll Fellow
 State Treasurer Kelly Schmidt was selected to participate in the prestigious Toll Fellowship Program, a week-long leadership seminar sponsored by the Council of State Governments that focuses on developing the next generation of leaders from all three branches of government. Schmidt was one of 40 emerging state leaders from across the nation chosen for the program, which was held Sept. 12-17, 2009 in Lexington, Ky.

"I am humbled and honored to be included in this very distinguish group," said Schmidt.

This year's program focused on trends analysis, policy development, media and constituent relations, and leadership and institutional changes. The experience gave leaders perspectives they would not ordinarily obtain during the course of their regular governmental service.

Schmidt was selected from a pool of applicants representing 40 states and two U.S. territories. She was considered by the selecting committee of state elected and appointed officials as one of the most promising leaders of state government. North Dakota Gov. John Hoeven nominated Schmidt for the program, citing her dedicated service to the people of North Dakota. She was also endorsed by past CSG Chairman, Rep. Kim Koppelman, West Fargo, and South Dakota State Treasurer Vernon Larson.

The Toll Fellowship Program is named in honor of former Colorado Senator Henry Toll, who founded CSG in 1933. Other state treasurers have participated in the past, including Treasurer Larson and former Virginia Treasurer Jody Wagner.

WASHINGTON

Business-Loan Program is Restarted to Help Veterans, Minorities and Women
 State Treasurer Jim McIntire spearheaded the effort to restart a low-interest loan program that has helped hundreds of minority, veteran and women-owned businesses. The Washington State Legislature determined that minority and women-owned businesses face difficulty gaining access to capital, thus hurting the growth and development of their businesses. In response, the legislature passed the 1993 Minority and Women Owned Business Assistance Act, which created the low-interest program.

The program was discontinued because the low interest rate environment forced banks to drop out of the program because they had to pay the state above-market rates on the deposits. The new program removes the previously required 2 percent minimum interest rate and adds flexibility for the treasurer so that the program can work in the current market. Treasurer McIntire emphasized this point, saying, "This important program can't function without bank participation."

The Linked Deposit Program connects the state's short-term surplus fund deposits to the commercial loans that financial institutions make to certified minority, veteran and female owned business enterprises. The state treasurer is authorized to use up to \$15 million of these funds to purchase certificates of deposit in an amount equivalent to the amount financial institutions loan to the certified businesses. Up to two percent of the interest that is earned on these certificates of deposit is used to reduce the interest rate that would otherwise be charged to a certified business for its financing.

Plan Now to Attend These Valuable Meetings in 2010!

NAST Legislative Conference

March 7-10, 2010

Washington, D.C.

This conference—open only to NAST government members and corporate affiliates—features discussion of the federal issues that matter to state treasuries: financial system regulation, college savings plans, unclaimed property, municipal debt, and many others. Hear from members of Congress, senior Obama Administration officials, and leading policy experts in this unique forum.

NAST Treasury Management Conference and Exposition

May 16-19, 2010

Salt Lake City, Utah

Join NAST and its networks for this multi-track educational meeting in Salt Lake City! Sessions will cover banking and cash management, college savings plans, debt management, unclaimed property, financial literacy and more. Held with the conference is the annual expo—the only opportunity of the year to exhibit your company’s products or services to the NAST, CSPN, NAUPA, and SDMN audience.

NAST Annual Conference

August 22-25, 2010

Williamsburg, Virginia

Come to the historic center of Virginia for the NAST Annual Conference. Sessions will address policy and industry topics in public finance and allow members to share challenges and success stories. You also won’t want to miss the host state’s colonial hospitality!

Students Graduate from Public Finance Institute

Every two years, the NAST Foundation and the Kellogg School of Northwestern University hold the National Institute for Public Finance in Chicago. This year, more than 20 students from state treasuries and the private sector—including two state finance officials from Mexico—attended the institute. They learned about cash management, state budget trends, long-term investing, corporate governance and many other topics in the weeklong course.



Membership Survey Nears Completion

After many months of preparation, the final results of the NAST membership survey will soon be available.

This fall, members received an electronic questionnaire from Corona Insights, the Denver-based research firm conducting the

survey on NAST's behalf. More than 31 percent of members responded—a relatively high figure, based on Corona's work with other membership organizations.

The final report will be ready around the start of the New Year and will be sent via email

to members. NAST thanks everyone who took time to complete the survey and provide information that will be used to evaluate and improve the association's programs.

New Policy Development Process Gives NAST Flexibility

Under the leadership of NAST President Jeb Spaulding, the organization developed a new interim policy adoption process in 2009.

Historically, new resolutions, which serve as official policy statements of the association, could only be enacted at conferences. This meant that NAST could only adopt new resolutions two or three times a year and sometimes missed opportunities to contribute to regulatory or legislative developments.

The new process allows members to propose and consider resolutions between conferences. A treasurer or voting member of CSPN, NAUPA or SDMN can introduce a resolution at any time. They can also ask the NAST Executive Director to help them develop an idea into a draft resolution.


Once a draft resolution is prepared, it is first introduced in the committee with subject matter jurisdiction. Since the networks serve as the college savings, unclaimed property and debt management committees of NAST, resolutions on these topics go first to them.

Typically, the committee considers the resolution on a teleconference within a week or two of the member introducing it. Committee members can choose whether or not to recommend the resolution and send it onto the NAST Legislative Committee. The Legislative Committee also considers the issue via telephone and decides whether to recommend it to the Executive Committee.

Throughout the process, members of the various committees can suggest amendments. NAST members generally seek consensus for official statements, and resolutions that engender debate or dissent are often changed or withdrawn to reflect the group's judgment of a particular matter.

The NAST Executive Committee considers resolutions recommended by the Legislative Committee. Draft resolutions are sent to all treasurers at least a week before the Executive Committee meets so that they can advise committee members. If the Executive Committee approves a resolution, it goes into effect as interim policy until the next Annual Conference.

The regular policy process culminates with consideration of resolutions during the association's annual business meeting, where all treasurers have a vote. Sponsors of interim policies who would like to see their



RESOLUTION

ENCOURAGING FINANCIAL LITERACY EDUCATION AT ALL LEVELS OF SCHOOLING

Encouraging the Congress to enact legislation that promotes and provides funding for financial literacy education at all levels of schooling, including K-12 and colleges and universities, and for all ages.

WHEREAS, Financial literacy among high school students in the United States is at its lowest level ever, as measured by the 2008 national JumpStart survey; and

WHEREAS, An overwhelming majority (91 percent) of respondents in a nationwide poll said that they think that financial literacy education should be taught in high school; and

WHEREAS, Only half of K-12 teachers say that they teach some form of financial literacy to their students; and

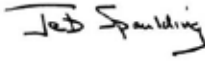
WHEREAS, More than two-fifths of U.S. adults gave themselves a grade of C, D, or F on their knowledge of personal finance as measured by the Harris Interactive poll on financial literacy; and

WHEREAS, Financial literacy is critical in helping Americans achieve an improved standard of living for themselves and their families; and

WHEREAS, Financial literacy education is vital for Americans of any age.

NOW, THEREFORE BE IT RESOLVED, that the National Association of State Treasurers encourages the enactment of federal legislation to promote and provide funding for financial literacy education at all levels of schooling, including grades K-12 and colleges and universities, and for adults of all ages.

Approved this 1st day of September, 2009 by the
National Association of State Treasurers



Hon. Jeb Spaulding
NAST President
Vermont State Treasurer

resolutions adopted for a full three-year period can introduce them at the annual business meeting. Interim policies are not required to go back through the committee system at the Annual Conference.

Policy resolutions are an important tool for NAST as it works to advance its federal agenda. They clearly state the organization's position on a topic and provide guidance for further efforts such as comment letters and press releases. For more information on suggesting an interim resolution, contact NAST Executive Director Jon Lawniczak.

Federal Activities

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Financial Accounting Foundation (FAF) and the Governmental Accounting Standards Board (GASB).

NAST's Director of Federal Relations attended a meeting with the Financial Accounting Foundation's President and its CEO on September 14.

The discussion centered on: (1) the possibility of international accounting standards, which the European Union is pushing. The consensus of the group was

that this will not happen for years, maybe never; (2) funding for GASB, with most folks at the session thinking that GASB should cut staff; (3) whether GASB rules are too complex.

An informal network of governmental organizations including the National Governors Association, the Government Finance Officers Association, the National Association of Auditors, Comptrollers, and Treasurers, the National Association

of State Budget Officers, the National Conference of State Legislatures, and NAST have been talking about a possible new funding mechanism for GASB. Most suggestions involve a state-imposed fee on municipal bond issues, exempting the smaller issues from the fee. This remains a discussion in progress.

NAST Annual Conference Addresses Pressing Challenges in Public Finance

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The annual conference also included discussions of climate change and the ways governments can encourage investment in clean technology. Daniel M. Kammen of the University of California at Berkeley, Mindy S. Lubber, President of Ceres, and Alan Salzman, CEO and Managing Partner of Vantage Point Venture Partners discussed opportunities in this field. They addressed methods of stimulating investment in renewable energy and the new jobs that this effort could create.



Virginia Treasurer Manju Ganeriwala, Ohio Treasurer Kevin Boyce, Utah Treasurer Richard Ellis, Oklahoma Treasurer Scott Meacham and Nevada Treasurer Kate Marshall listen to a presentation.



NAST Senior Vice President and New Mexico Treasurer James Lewis thanked California Treasurer Bill Lockyer for serving as host of the Annual Conference



NATIONAL ASSOCIATION OF
STATE TREASURERS

Calendar

of upcoming events

The latest conference information can be found online at www.nast.org
or call NAST at (859) 244-8175.

NAST Legislative Conference
March 7-10, 2010
Willard InterContinental Hotel
Washington, D.C.

NAST Annual Conference
August 22-25, 2010
Colonial Williamsburg Lodge
Williamsburg, Virginia

NAST Treasury Management Conference and Exposition
May 16-19, 2010
Little America Hotel
Salt Lake City, Utah

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