



Government Finance Officers Association
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February 20, 2008

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Ms. Claire Robinson
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Mr. William Montrone
Head of U.S. Public Finance
Department
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55 Water Street
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Dear Mr. Belsky, Ms. Robinson, and Mr. Montrone:

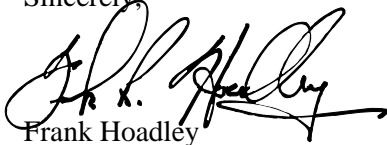
Pursuant to SEC Rule 15c2-12 bond issuers must enter into continuing disclosure agreements to provide ongoing information to the market about the bonds they have issued. Included in the information issuers must provide is information about rating changes. The actions taken by the rating agencies with regard to the monoline municipal bond insurers have widespread implications for municipal bond ratings. The GFOA Committee on Governmental Debt Management (the "Committee") is working to provide direction to GFOA's 17,000 members about how they should approach their continuing disclosure responsibilities in a prompt and orderly manner. The Committee has considered a series of questions, the answers to which will be helpful in giving guidance to bond issuers.

- The usual practice is for bond issuers to apply for and receive bond ratings from one or more rating agencies prior to the issuance of bonds. The resulting bond rating is then communicated to the bond issuer in a formal bond rating letter sent directly to the bond issuer. If subsequent circumstances dictate a change in that bond rating, a letter specifying that change, usually accompanied by a rationale, is sent to the issuer. Such letter and accompanying rationale have provided issuers with the specific written information that the issuer then uses to make a secondary market disclosure pursuant to 15c2-12. ***Should issuers expect to receive letters specifying which of their bond maturities or bond issues are being downgraded because of bond insurer downgrades?***
- It has been common practice for bond issuers to apply for bond ratings and receive bond ratings for bonds to be sold through competitive bond sale. The bond issuer normally receives the rating letter specifying the underlying bond rating. Frequently the winning underwriter applies for bond insurance (and pays the premium) and receives a second rating letter specifying the insured bond rating. ***Will parties other than the bond issuer receive written notice of downgrades because of monoline bond insurer downgrades?***
- ***If the rating of a bond is downgraded because of a bond insurer downgrade, will the issuer receive a confirmation of an underlying rating, if one exists?***

- *If the rating of a bond is downgraded because of a bond insurer downgrade and no underlying rating exists, will the rating agency provide information or options to the issuer for obtaining an underlying rating?*
- *If an insured bond is rated by your entity, but that rating was not secured, paid-for or known to exist by an issuer, to which party will you send a downgrade letter?*
- *The web site listing the downgraded issues is extremely difficult to navigate. If an issuer must rely upon this web site to determine if an issue has been downgraded, what improvements can be made to assist with this arduous task?*

It is the intent of the GFOA and the Committee on Governmental Debt Management to provide its membership with information that will give clear and concise advice to make the process of complying with issuers' SEC Rule 15c2-12 responsibilities as easy as possible. If there are solutions that will provide issuers with the smoothest possible means of passing on information to investors while living up to their SEC Rule 15c2-12 agreements we will be happy to discuss them with you.

Sincerely,

A handwritten signature in black ink, appearing to read "F. H. Hoadley", written over a printed name.

Frank Hoadley

Chairman, Governmental Debt Management Committee

cc: Securities and Exchange Commission