



CDIAC Pre-Conference Workshop



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Market Environment for Credit Enhancement in U.S.

- U.S. municipal market largest in the world
 - 75,000 state and local governments
 - 50,000 have incurred debt
 - 55 state regulatory authorities (includes DC, USVI, PR, Guam, Marianas)
- Total debt outstanding has doubled in 10 years to \$2.6 trillion
- Over 100 different types of pledged security
- Serialized maturities, often extending 30-40 years
- Financial standards are promulgated by GASB (not FASB)
- Municipal bonds trade bilaterally in an over-the-counter market
- Trading block sizes in secondary market are generally smaller than in other markets
- Idiosyncratic risks associated with natural hazards, structural deficits, and legislative & regulatory actions
- Inconsistent disclosure practices among disparate units of government