



the dispatch

members' update from the Illinois Government Finance Officers Association



A conversation with the new IGFOA President

Stephanie Masson was elected President at the Annual Conference

Stephanie Masson took the IGFOA Presidential gavel at the Annual Conference.

Enjoying new challenges

In April, Stephanie was named Finance Director of Rock Island. A native of the Quad Cities, Stephanie was previously Assistant Finance Director at the Village of Park Forest.

"I really loved Park Forest, and it was hard to leave," she says. "But this position puts me closer to my family, and provides a whole different set of challenges that I'm really enjoying."

"The citizens here are very involved and engaged in government, and even with a population of 39,000, Rock Island has a small-town feel," she explains. "Our city is part of the Quad Cities Metropolitan Area. With a population of just over 380,000, our governments have relationships on both

sides of the river, in Illinois and Iowa. This is not unlike how our southeast Chicago municipalities interact with Indiana, and how northern Illinois governments work with their peers in Wisconsin, with the push and pull of jobs and revenue."

"It's exciting to be here at a time when the Quad Cities Area continues to reinvent itself, a need brought about by the big farm implement manufacturing companies being affected by changes in the economy," she says.

IGFOA sets the stage for success

Stephanie credits the IGFOA with making it possible for members to succeed. "IGFOA sets the stage for members' success by helping them build their knowledge and giving them the ability to draw on resources and experience of fellow members," she explains. "When I encounter situations I may not have experienced before, the IGFOA makes it possible to access the resources I need."

Taking advantage of improved communications tools

Making the move across the state has made Stephanie more aware than ever of the importance of electronic connection. "Now that I'm a three-hour drive away from the typical in-person training, I appreciate even more the challenges our Association faces in serving finance professionals in each of our regions. By doing so we are furthering our profession at all levels," she says.



Stephanie Masson is Finance Director for the City of Rock Island.

At September's Annual Conference, she was elected President of the IGFOA.

“Looking ahead, I hope we can continue to **expand our membership** to all corners of the state and provide opportunities for finance professionals to connect, learn and share in a convenient and cost-effective manner. I am looking forward to developing an avenue to **connect and support members going through GFOA's CPFO program**. By growing the number of Illinois CPFOs, our profession and reputation are enhanced.

Over this next year, I hope to see **more participation in our online Knowledge Exchange**. This forum for idea, document and information exchange is invaluable to our profession, making us more efficient and effective than ever.”

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Conference recap

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Congratulations to the 2016-17 IGFOA Executive Board

The 2016-17 IGFOA Executive Board slate was approved unanimously by the IGFOA public sector members in attendance at the Annual Business Meeting on September 12, 2016.

Stephanie Masson, President,

Finance Director, City of Rock Island

Rita Kruse, Immediate Past President

Finance Manager, City of Geneva

Chris Minick, Vice-President

Finance Director, City of St. Charles

Melissa Gallagher, Secretary

Finance Director, City of Rolling Meadows

Bill Hannah, Treasurer

Finance Director, Village of North Aurora

Kevin Wachtel, Member-at-Large

Finance Director, Village of Villa Park

Andrew Brown, Member-at-Large

Deputy Director of Finance, Village of Buffalo Grove

Bill McCarty, Member-at-Large

Director, Office of Budget and Management, City of Springfield

Mary Dankowski, GFOA State Representative

Deputy Village Manager/Finance Director, Village of Park Forest

Jessica Govic, Partner Representative

Area Senior Vice President, Arthur J. Gallagher & Co.

Eric Dubrowski, Downstate Chapter President

Chief Financial Officer, Peoria County

Jodie Hartman, Chicago Metro Chapter President

Director of Finance, Village of Lake Zurich

Alana Bates Thompson, South Metro Chapter Immediate Past President

Finance Director, Rich Township

Volunteer spotlight



Michelle Binns

**Senior Managing
Consultant
PFM Asset
Management LLC**

Michelle Binns had been an IGFOA member since 2012, and had attended the Annual Conference for a few years. “This was great,” she recalls, “but I knew I needed more from my membership – I wanted to meet members and other Partners, and to see if there was a way to get involved that could work with my already-packed schedule.

“So I attended the Volunteer Workshop last year. I met Diane Lantz. We talked. I explained to her that I didn’t have a lot of time, but that I’d like to help,” Michelle explains. “She understood my hesitation to make commitments that would be hard to keep, and so she worked with me to find the ideal way to meet my goals.”

Michelle took on the role of Speaking Coordinator, gathering information and building a database of suggested topics and speakers to be used by chapters and members. “It’s only a few hours each month, but I’m happy to be lending a hand and making a difference,” she says.

Have an idea for a topic or speaker? Please email Michelle at binnsmp@pfm.com.



Call for volunteers!

The IGFOA could not accomplish so much without its dedicated volunteers. If you are considering becoming more involved in IGFOA, check out these opportunities.

South Metro Chapter Board: The South Metro Chapter is looking for two enthusiastic public sector members interested in leadership positions to join the Board. For more information, contact John Harrington, Chapter President. john.harrington@minooka.com

Downstate Chapter Board: The Downstate Chapter is seeking members interested in becoming more involved in Chapter activities and leadership by serving as a Regional Coordinator or on the Chapter Board. To learn more, contact Eric Dubrowski, Chapter President. edubrowski@peoriacounty.org

Professional Education Committee (PEC)/CPFO Team: The PEC is creating a new Team to support IGFOA members participating in the CPFO program and to encourage more participation. To learn more about this new initiative, contact Rachel Musiala, PEC Chair. rachel.musiala@hoffmanestates.org

Membership Committee: The Membership Committee is always looking for friendly faces to assist in recruiting, retaining, and welcoming new IGFOA members. To find out more about this exciting opportunity, contact Lynn McCammon, Membership Committee Chair. lmccammon@villageofwinfield.com

Welcome New Members!

David Adamski, Illinois Municipal Retirement Fund
Alan Avitia, Village of Elk Grove
Guary Bernadelle, City of Freeport
Kim Doglio, City of Wilmington
Anthony Finch, City of Markham
Argelia Garbacz, Village of Indian Head Park
Jeremy Haley, City of Bloomington
Steven Holloway, Wilmette Park District
Laura Hughes, City of Bloomington
Robert Hunt, Thornton Township
Elizabeth Hunter, Jackson County Government
Argie Johnson-Martin, City of Country Club Hills
Robert Kouzmanoff, Village of Tolono
Traci Marrocco, Village of Woodridge
Jessica Nawracaj, Village of Lombard
Andrea Norwood, Lake County
Lisa Pappas, Plainfield Public Library District
Daiva Sheldon, Village of Downers Grove
Brad Sholes, Wood Dale Park District
Jeanmarie Steiner, Village of Bolingbrook
Lester Swintek, City of Chicago Heights
Michelle Tweedy, Jackson County Government

Are you new to IGFOA and not listed above? Please email info@igfoa.org and let us know!

The Modified Knowledge Exchange

Similar to the previous “Members’ Exchange”

In response to numerous requests from IGFOA members, the Executive Board authorized the modification of the Knowledge Exchange to create a functionality similar to the previous “Members’ Exchange.” Now IGFOA members can ask questions, answer questions, or view/post documents on a daily or weekly basis.

How does it work?

Members have two email notification options for tracking activity in the Knowledge Exchange. Members can indicate a preference to receive a **Daily Digest** of activity each morning, to include those questions, answers, and documents posted the previous business day, or a **Weekly Digest** of activity each Tuesday, to include all activity in the prior week. A link in the notification email enables members to directly access Knowledge Exchange activity.

To join, members should sign in to their profile on the IGFOA website and select “Knowledge Exchange” at the top of the page. Then on the right side menu, select “Preferences.” You will be prompted to select either the *Daily* or *Weekly Digest*. Change your mind on the notification preference? Select the “Update Preferences” button to modify.

IGFOA Associate Partners

Many thanks to the IGFOA Associate Partners for their continuing support and collaboration.

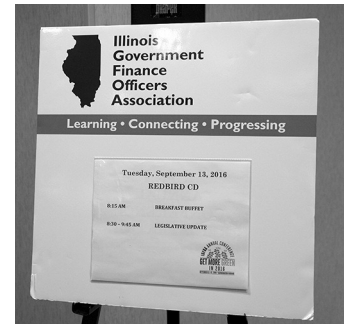
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Learn more about the IGFOA Partners program at www.igfoa.org/membership

2016 IGFOA Annual Conference highlights

Thank you to everyone who attended the 2016 IGFOA Annual Conference at the Bloomington-Normal Marriott Hotel & Conference Center September 11-13. Registration and attendance far exceeded expectations. Here are just some of the highlights of the Conference.

- ▶ Everyone who volunteered to make the conference a success – speakers, moderators, Conference Planning Team, Partners' Forum, golf outing leader, CPFO exam proctor, registration desk helpers, and CPE monitors!
- ▶ The new conference app
- ▶ Hosting the CPFO exam on Saturday afternoon
- ▶ The 24 members who started their Sunday with the golf outing – it was a beautiful day
- ▶ The Vendor Showcase hosting 58 vendors providing a range of services to local governments.
- ▶ The "Case of the Missing Green" featuring Mrs. White, Mrs. Peacock, Miss Scarlet, Colonial Mustard, Professor Plum, Rev. Green, Detective Wachtel and Mr. GASB
- ▶ The social event at Medici's hosted by the Young Professionals Network and Assistants Network
- ▶ Governor Jim Edgar's Keynote Address
- ▶ The election of new the Executive Board at the Annual Business Meeting
- ▶ The Legislative Update with IML Executive Director Brad Cole and Legislative Director Joe McCoy



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Save the dates: 2017 IGFOA Annual Conference in Peoria – September 17-19!

Save the dates for the 2017 IGFOA Annual Conference, September 17–19 in Peoria. In order to accommodate the expanding Vendor Showcase and growing registration numbers, the IGFOA will host the Conference at the Peoria Marriott Pere Marquette *and* the Peoria Civic Center. This is the first time that the Conference will be held in a convention center.

There will be plenty of space for members to network, attend educational sessions, visit the Vendor Showcase, and enjoy social events. If you haven't seen the renovated Pere Marquette, take a moment to look at the website. <http://www.marriott.com/hotels/travel/piamc-peoria-marriott-pere-marquette>. Registration and the hotel block will open in June, 2017. See you in Peoria!



A sea change in the municipal industry

by Kelly Kost, Partner, Chapman and Cutler

The Municipal Continuing Disclosure Cooperation (MCDC) initiative, as named by the Securities and Exchange Commission (SEC) in March, 2014, has attracted much attention in the municipal industry and with good reason—during the first phase of MCDC that ended in February 2016 and focused on underwriters, the SEC levied \$18 million in fines against 72 underwriters, comprising 96 percent of the market share for municipal underwritings. MCDC was the first market-wide SEC enforcement action that offered underwriters and issuers the opportunity to self report potential misrepresentations in municipal bond offering documents regarding compliance by issuers with prior continuing disclosure obligations under Rule 15c2-12 of the Securities Exchange Act of 1934. The SEC has now begun the second phase of MCDC. In August 2016, the SEC announced what is expected to be the first wave of enforcement actions against municipal issuers when the SEC entered into settlements with 71 varied municipal issuers and obligated persons located throughout the country. Industry professionals and issuers alike have spent countless hours and incurred great expense responding to MCDC.

But MCDC, while top of mind in the municipal industry, is not the most important recent development for issuers of municipal bonds. The more significant change is the increased activity of the SEC Enforcement Division and, in particular, its Public Finance Abuse Unit. This entity, which was previously known as the Municipal Securities and Public Pension Unit, specifically targets potential violations of federal securities laws in connection with abuses in municipal securities. The Public Finance Abuse Unit has brought numerous first-of-its kind enforcement actions against governmental entities and levied civil penalties against public officials throughout the country. This is the real sea change to the municipal industry that began in earnest three years ago.

The statistics illustrate the sea change. As noted by Robert Doty in *The Bond Buyer* on July 12, 2016, since early 2013, the SEC has brought enforcement actions against 18 state or local governmental entities and against 16 issuer officials. In contrast, in the 14 years from the beginning of 1999 through 2012, the SEC resolved disclosure actions against only 11 state or local entities and 10 officials. Since early 2013, the SEC has also levied \$180,000 in civil penalties on eight officials. In contrast, five officials (in only two actions) paid \$85,000—than half as much—in civil penalties in the 15 years from 1998 through 2012.

The Official Statement (the document prepared by an issuer in connection with a primary offering of its bonds) is the source of most of the anti-fraud liability in a municipal transaction. Section 17 of the Securities Act of 1933 includes the core anti-fraud provisions of federal securities law. Section 17(a)(2) makes it unlawful “the offer or sale of any securities... directly or indirectly ... to obtain money or property by means of **any untrue statement of material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.**” Under current case law, negligence is sufficient to establish a violation of Section 17(a)(2) and no finding of intentional wrongdoing is required. Furthermore, the SEC has held that the “knew or should have known” standard is appropriate to establish negligence.

Perhaps the most eye-opening enforcement action to date occurred in April 2016, when the SEC charged Ramapo, New York, its local development corporation and four town officials with fraud for allegedly

not properly disclosing a deteriorating financial situation in its general bond offering documents. The SEC alleged that Ramapo officials resorted to fraud to hide the strain in the town's finances caused by the financing of a controversial minor league baseball stadium and by the town's declining sales and property tax revenues. In a joint effort with the SEC, the U.S. Attorney's office for the Southern District of New York, aided by the FBI, also brought criminal charges against two of the town officials. This was the first criminal securities fraud prosecution involving municipal bonds in the country. Andrew J. Ceresney, Director of the SEC Enforcement Division provided the following: “We won't stand for public officials and employees who resort to alleged accounting trickery to mislead investors who are investing in their financial futures as well as the future betterment of our communities.”

And very recently, on September 14, 2016, the SEC achieved another first in a securities fraud trial against the City of Miami and its former budget director—the first federal jury trial by the SEC against a municipality or one of its officials for violation of federal securities laws. Mr. Ceresney had this to say, in part, about the jury's verdict (emphasis added):

“We are very pleased by today's jury verdict holding the City of Miami, a recidivist violator of the federal securities laws, and its former Budget Director... liable for multiple counts of antifraud violations of the federal securities laws.... [T]he jury took less than a day to decide that the City and [the Budget Director] had committed securities fraud in connection with their disclosures concerning the deteriorating financial condition of the City during 2007 and 2008 and in three separate offerings of municipal securities in 2009. ... **We will continue to hold municipalities and their officers accountable, including through trials, if they engage in financial fraud or other conduct that violates the federal securities laws.**”

In response to the recent activity of the Public Finance Abuse Unit, an issuer and its finance officials should strongly consider adopting a thorough continuing disclosure policy to ensure compliance with their responsibilities under federal securities laws, including the issuer's continuing disclosure undertakings and SEC statements in its numerous recent enforcement actions. Adopting appropriate disclosure policies and procedures is recognized as a best practice for issuers and is required by the SEC in all MCDC issuer settlements.

A growing number of issuers are also engaging Disclosure Counsel for their transactions. Disclosure Counsel provides formal comfort as to the accuracy and completeness of an issuer's Official Statement. This comfort does not act as a guarantee by Disclosure Counsel to the issuer or finance officials of the accuracy of the Official Statement, but does help establish that the issuer took reasonable care to produce accurate and reliable information.

Incorporating disclosure practices and procedures, hiring Disclosure Counsel and demonstrating a solid disclosure track record will benefit an issuer and the market for its bonds, especially in these transformational times. We must all recognize that SEC and Justice Department actions will continue and that they will affect both big and small issuers, without regard to credit rating or level of sophistication of the issuers' officials. Being prepared and in compliance with federal securities laws will help steer officials through this recent wave of change in the municipal industry.

About the author

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800 Roosevelt Road
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IGFOA educational events October through December 2016

Mark your calendars and register now at www.igfoa.org

South Metro Chapter Professional Development Seminar

Friday, October 14
8:00 am–1:30 pm
Village of New Lenox
1 Veterans Pkwy, New Lenox, IL
Members: \$35

Payroll Seminar

Friday, October 21
8:25 am–2:00 pm
NIU Naperville
1120 E. Diehl Road, Naperville, IL
Members before Oct. 14: \$75
Members from Oct. 14 to Oct 21: \$100

Downstate Southern Region Best Practices for Small Government Investing

Thursday, October 27
11:30 am–1:00 pm
Anthony's Wild West
109 E. North Ave., Flora, IL
Members and non-members: \$20

FIRST THURSDAY WEBINAR Hot Topics in Purchasing Three Key Purchasing Trends that Every Finance Officer Should Know

Thursday, November 3
10:00–11:30 am
Members: \$55

Downstate Central Region The Myth of "Multitasking" (And What to do Instead)

Thursday, November 1
11:30 am–1:30 pm
Jim's Steakhouse
110 SW Jefferson Avenue, Peoria, IL
Members: \$20

Young Professionals Network Leading in the Public & Private Sectors: A Conversation with Erica Borggren

Thursday, November 10
11:30 am–1:00 pm
Coopers Hawk Winery & Restaurants
798 W. Algonquin Road
Arlington Heights, IL
Members: \$35

Illinois Government Finance Professionals' Academy II

Tuesday and Wednesday, Nov. 15 and 16
Wednesday, November 16
NIU Naperville
1120 E. Diehl Road, Naperville, IL

Local Government Expense Control Act First Thursday Webinar

Thursday, December 1
10:00–11:30 am
Members: \$55

Rock River Region Networking Luncheon

A Leadership Appetizer Differences Between Organizational Leader and Manager Roles

Thursday, December 1
Noon–1:00 pm
Tavern on Clark
755 Clark Drive, Rockford, IL
Members: \$20

**Find full details, fees and
registration, plus the
Cancellation Policy, at
www.igfoa.org**

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