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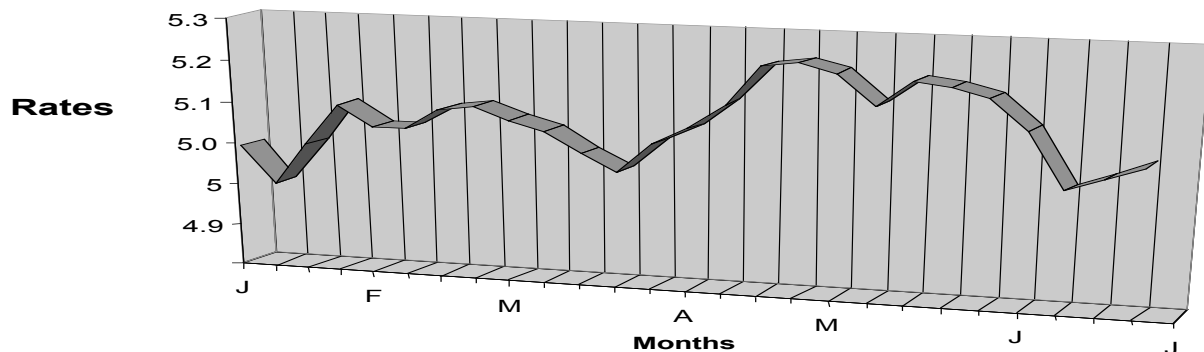
THE MARKET

The Bond Buyer Index for General Obligation Bonds (defined as the average tax-exempt market value, expressed in terms of yield, on general obligation bonds of twenty selected issuers with Moody's ratings ranging from Baa1 to Aaa, averaging A1, and maturing in twenty years) is shown below. The July 2nd rate is 5.10%. The comparable revenue bond rate is 5.40%. Little lasting movement during the past six months has occurred.

20-Bond G.O. Index

Monthly Rate Average	Jan ...5.16%	Feb ...5.10 %	Mar ...5.28%	Apr ...5.21%	May...5.18%	June...5.08%
Week 1	3 ...5.26	7...5.13	7...5.19	4...5.28	2...5.17	6...5.14
Week 2	10...5.16	14...5.13	14...5.30	11...5.20	9...5.19	13...5.09
Week 3	17...5.08	24...5.10	21...5.34	18...5.22	16...5.24	20...5.04
Week 4	24...5.17	28...5.07	27...5.32	25...5.16	23...5.19	27...5.07
Week 5	31...5.15				30...5.14	

20 G.O. Bond Buyer Index - 2002 Monthly Average



Continuing Disclosure Under SEC Rule 15c2-12

At the Government Finance Officers Association (the GFOA) conference in Denver, representatives of the Securities and Exchange Commission (the “SEC”) and the National Federation of Municipal Analysts (the “NFMA”) warned that a significant number of issuers are failing to meet their continuing disclosure obligations. The random sample by the SEC and an informal survey by the NFMA restated the concerns in the industry about noncompliance.

For issuers having total debt of \$10,000,000 or more, (including refunded bonds that might be in an escrow and not yet called), the typical undertaking requires Annual Financial Information updating certain information within the original Official Statement plus dissemination of the Comprehensive Annual Financial Report (“CAFR”) or Financial Statements.

Improper indexing may be one reason for the seeming non-compliance. A cover sheet indicating the issuer, the six digit CUSIP number and type of disclosure should always accompany a submission to the Nationally Recognized Municipal Securities Information Repositories (NRMSIRs). The nine digit CUSIP numbers for each applicable series of securities bonds should also be included. Issuers providing the Annual Financial Information within the CAFR or Financial Statements should also have a cover sheet and CUSIP numbers with their submission so that the NRMSIRs can properly index the material they receive.

The form that we use for our financial advisory clients taking advantage of our services as a dissemination agent is The Bond Market Association recommended cover sheet. You can find it on their website at <http://www.bondmarkets.com/market /15c212.shtml>. This form may be included with the Annual Financial Information, the CAFR or Financial Statements and Material Event Notices.

When thinking about the NRMSIRs, the image of the government warehouse pictured at the end of the movie *Indiana Jones, Raiders of the Lost Ark* comes to mind.

Underwriters may not bid on bonds of issuers that have not complied with their continuing disclosure obligations. By properly identifying the issuer and bond issues, the NRMSIRs can be assisted to properly index the data they receive and hopefully facilitate confirmation of an issuer’s compliance to the underwriting community. Don’t let your information get lost in the big warehouse!

GFOA has also drafted a recommended practice position paper entitled “Using A Web Site For Disclosure”. This can be accessed on the GFOA web page at www.gfoa.org. The ‘Services’ on the left side of the home page alphabetically list Recommended Practices which leads to the category of Debt Management and the link to the position paper.

Do Not Get Yield Burnt This Summer

Another Suspension of SLGS Has Occurred, Then Been Lifted

Not to be confused with slugs (which are “terrestrial gastropod mollusks with an elongated body and no external shell”), SLGS are securities offered by the U.S. Treasury to state and local governments as an investment alternative to assist these issuers of tax exempt securities in complying with yield restriction and arbitrage rebate provisions of the Internal Revenue Code.

The State and Local Government Series (SLGS) securities program was established in 1972 following federal legislation enacted in 1969 restricting state and local governments from earning arbitrage profits by investing tax-exempt bond proceeds in higher yielding investments. State and local governments may invest in time deposit or demand deposit types of SLGS. SLGS are typically used by governments when refinancing outstanding tax-exempt debt.

On May 14, 2002, the Treasury Department announced the suspension of sales of SLGS until further notice, effective May 15, 2002. The U.S. Treasury determined that the suspension was necessary because the statutory federal debt ceiling had not been raised. The suspension was expected to help the U.S. Treasury manage its debt, subject to the federal debt ceiling. The suspension was lifted July 9, 2002.

Governments Should Be Careful Not To Be Yield Burnt

As a result of the SLGS suspension, state and local governments were required to use open market U.S. Treasury securities for their escrows to refinance tax-exempt debt. When purchasing such open market securities, governments should be careful not to knowingly or unknowingly participate in yield burning.

Yield burning occurs when a government buys open market securities from an investment house/underwriter at prices that are prohibitively marked up. An investment house/underwriter that overcharges a government for open market securities purchased with the proceeds of tax-exempt bonds diverts money to itself at the expense of the U.S. Treasury and the state or local government. When money is diverted from the U.S. Treasury it's called “yield burning” because the overcharge illegally “burns” the yield down to a level that appears to comply with federal tax law, but does not.

The risks to the government are not only that it is being overcharged, but that its bonds will be declared taxable and as a result it will not be able to access the tax-exempt bond market in the future. These risks are real. According to the SEC, more than \$171 million has been paid by 21 investment houses/underwriters to the U.S. Treasury to resolve charges of yield burning throughout the 1990's.

Although the current suspension has been lifted, future difficulties from reaching the federal debt ceiling are likely and continuing reviews of yield burning can be expected.

New Credit Enhancement Opportunities

Cities, villages, counties and schools have been able to issue rated debt certificates, lease certificates and certificates of participation based on the economic strength and stability of the income stream. Rating certificates whose source of repayment was a future non-referendum G.O. bond has not been an "A" level vehicle until recently. The same can be said for insuring double barrel bonds. In these situations, especially where a track record of annual issuance can be shown, one of the major rating agencies Standard & Poor's (S&P) has recently rated a debt certificate issue and a double barrel bond backed with "rollover" G.O. bonds. In addition an insurance agency (MBIA) has been able to insure such double barrel bonds.

Technology

SpeerFinancial.com has now operated for over one and a half years. We electronically post all competitive official statement sales in the Debt Auction Center/Sales Calendar and electronically post the Preliminary Official Statement as well as the sale results. The majority of the underwriting community has also now become not only accepting of the electronic sale of debt on SpeerAuction.com, but has been verbally appreciative of the ease of use and the time savings features in an electronic sale. Some state laws and some business practices have had to be modified to enable electronic commerce in the sale of municipal debt securities to occur. This process has largely occurred.

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