

From: Benton, Douglas [mailto:DBenton@cavanalhill.com]

Sent: Monday, April 29, 2013 9:03 AM

To: GASB Scope

Subject: FAF Proposed Changes to Agenda-Setting Process

In 2004 Moody's published a comment on how accounting standards are created. Within that comment they identified the role of the FAF as:

Financial Accounting Foundation (FAF) - The FAF is the umbrella organization under which all of the above entities operate (i.e. GASB, GASAC, FASB, FASAC). Its primary purpose is to advance and contribute to the education of the public, investors, creditors, preparers and suppliers of financial information, reporting entities, and certified public accountants with regard to standards of financial accounting and reporting. This is done through the GASB, GASAC, FASB, and FASAC organizations.

The 16 trustees of the FAF are charged with the responsibilities of:

- Appointing members of GASB, GASAC, FASB, FASAC
- Funding and budgetary oversight of the four organizations.
- General non-technical oversight of the standard-setting structure

The author of this research was provided this understanding as a new member of GASAC. This has been an effective relationship between the two organizations and many valuable disclosures have occurred during this time period. For example, all of the recent conversations around how states and local governments will pay for the promised pension and healthcare benefits to retirees of those organizations have been enhanced by improvements in disclosure. Prior to release of the OPEB accounting standards it wasn't even possible to have a meaningful comparison of these benefit offerings. Now the solutions for funding these benefits are evolving along many different public policy paths but at least the stakeholders have data on which to begin a dialogue.

More recently the accounting standard for derivatives became effective. This disclosure now provides the information on the collateral posting requirements for a major southern US county that is a large frequent issuer in the municipal bond market. Analysts are now aware of the financial implications of these complex agreements whereas previously it was a mystery known to a select few insiders.

Both of the above examples are accounting standards developed under the current process sans the involvement of the FAF.

The introduction of groups 1, 2, and 3 is clearly an attempt to thwart the separation of the GASB from the FAF. Any attempt to “insert” themselves in the GASB’s due process is clearly motivated by those who would benefit from stopping the progress in improving financial disclosure in the municipal marketplace. By adding another layer of approval for any idea to be considered for enhancing disclosure is to the benefit of those who control the boards. The statement reader community is already poorly represented in these bodies and this will further alienate and/or create impediments for these voices to be heard.

In summary, this idea is one that does not benefit the statement reader community and will weaken the progression of improving disclosure in the municipal marketplace. Thank you in advance for the consideration of my views and the opportunity to comment at this time.

Douglas Benton

Cavanal Hill Investment Management

Vice President / Senior Municipal Credit Manager

333 W. Campbell Road

Suite 130

Richardson, TX 75080

[dbenton@cavanalhill.com](mailto:dbenton@cavanalhill.com)

(T) 214-576-0814

(F) 972-277-0257

Caval Hill Investment Management, Inc. is an SEC registered investment adviser and a wholly-owned subsidiary of BOKF, NA. SEC registration does not imply a certain level of skill or training. The opinions expressed herein reflect the judgment of the authors at this date and are subject to change without notice and are not a complete analysis of any sector, industry or security. This communication does not take into account any specific investment objectives, financial situations, or particular needs of any specific person who may receive this communication. This is not an offer to buy or sell or the solicitation of an offer to buy or sell any security or to invest in an investment strategy or a mutual fund.

\*\*\*\*\*

The company reserves the right to amend statements made herein in the event of a mistake. Unless expressly stated herein to the contrary, only agreements in writing signed by an authorized officer of the Company may be enforced against it.

\*\*\*\*\*