



# CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

Presents at

*THE BOND BUYER's 23<sup>rd</sup> Annual California Public Finance Conference*

Pre-Conference

## **MSRB Rule G-17 and Other Market Disclosures: A Pathway to Clarity or Not?**

September 25, 2013

JW Marriott LA LIVE  
Los Angeles, CA

In the spring of 2012 the SEC approved MSRB's Notice 2012-25, which provides interpretive guidance on how Rule G-17 applies to underwriters in municipal securities transactions. The notice provided guidance with respect to the existing duty of underwriters to deal fairly with issuers when underwriting their bonds. In addition, the notice now requires underwriters in a negotiated sale to disclose the nature of the underwriter's role in the transaction, the nature of their compensation, conflicts of interest and, in some cases, the material financial risks and characteristics of the financing. The goal of this interpretive release is to produce clarity and specificity with regard to roles and transaction risks and to further articulate a standard of ethical practice for underwriters in relation to public issuers. Using G-17 as a starting point, this pre-conference workshop considers the roles and processes involved in the issuance of bonds by public agencies. The goal is to help issuers understand what questions they need to ask and what forms of disclosure they should expect or require from underwriters, financial advisors, investment advisors, bond counsel and other consultants, and to better identify and manage the conflicts and risks inherent to the business relationships that support the issuance of bonds.

**8:15 AM**      **Registration**

**9:00 AM**      **Welcome and Introduction**

*Mark Campbell, Executive Director, California Debt and Investment Advisory Commission*

*Mike Stanton, Publisher, The Bond Buyer*

### Session One

**9:10 AM Rule G-17: What Does the Rule Mean?**

This session considers the purpose behind Rule G-17 and how and in what manner it has evolved.

*Jay M. Goldstone, Chair, Municipal Securities Rulemaking Board*

### Session Two

**10:00 AM Understanding Costs and Incentives in Municipal Bond Pricing**

This session addresses the risks and rewards of the middleman in the primary market with emphasis on distribution and the structure of underwriter compensation. It is designed to help issuers understand who the end investor is and how their bonds are sold.

*Chris Mier, Managing Director of Analytical Services Division, Loop Capital Markets*

**10:45 AM Break**

### Session Three

**11:00 AM The Dynamics of Underwriter Disclosures under G-17**

The discussion considers interactions between issuers and the underwriters and how each is addressing G-17 disclosures in today's marketplace.

*Arn Andrews, Assistant Director of Finance, City of San Jose*

*David Cohen, Managing Director and Associate General Counsel, Securities Industry and Financial Markets Association*

*Cammy C. DuPont, Principal Deputy County Counsel-Office of the County of Los Angeles*

*Brian Hellberg, Director of Policy and Procedure-Municipal Finance, RBC Capital Markets*

*Charles Turner, Director of Finance, Eastern Municipal Water District*

**11:45 AM Luncheon (For all participants)**

Keynote: *The Honorable California State Treasurer Bill Lockyer*

## Session Four

### 1:00 PM **The Fiduciary Obligations of Financial Advisors**

The financial advisor's fiduciary duty—to place the interest of the client above their own—consists of two components: the duty of care and the duty of loyalty. The discussion focuses on the role of the financial advisors and the responsibilities they have to issuers. In addition, this session considers the implications of "G-17-like" disclosure requirements that may be applied in the future to financial advisors.

*Lynnette Kelly, Executive Director, Municipal Securities Rulemaking Board  
David Leifer, Senior Managing Director, KNN Public Finance*

## Session Five

### 2:00 PM **Considering Best Practices and Principles for Improving Disclosure in the California Market**

This session considers the broad array of market participants and types and purposes of disclosures that are currently required. In an effort to establish an environment of fair dealing and ethical behavior, panelists will consider improvements to the current disclosure practices maintained by members of the financing team, including technical consultants and legal counsel.

*Robert Doty, Senior Counsel and Advisor, Government Financial Strategies  
Dave Sanchez, General Counsel, De La Rosa and Company  
Tim Schaefer, Founder & Principal Owner, Magis Advisors*

### 2:45 PM **Close of Pre-Conference**