

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

ABCs OF SCHOOL-DEBT FINANCING

April 9, 2010
Hilton Concord
Concord, California

AGENDA

The fiscal environment in 2010 remains challenging. School administrators will find the need to monitor short- and long-term debt more closely, and manage their debt portfolio more carefully. In light of the changes in the municipal finance market, federal debt programs and state budget conditions, what should administrators know? How can they proceed with confidence if they issue debt in 2010-11?

8:30 AM Registration/Breakfast

9:00 AM Seminar Welcome, Opening Remarks and Budget Update

*John Decker, Executive Director
California Debt and Investment Advisory Commission*

9:15 AM Considerations for School Debt Financing

Ms. Alahydoian introduces fiscal management concepts related to school district debt financing. She provides an overview of funding sources and issues affecting school debt financing. She also outlines the financial, fiduciary, and policy issues a school board should consider before it issues a bond.

*Ruth Alahydoian, Vice President
KNN Public Finance*

10:00 AM Break

10:15 AM Managing Your Cashflow

In the current state fiscal environments, school districts must be especially careful in managing their cashflow. How can they forecast their cash needs? What options do they have for managing their cash? How can short term debt vehicles help them? Under what circumstances should school districts rely on “bridge” financing? Mr. Small leads the discussion with a particular focus on the 2010-11 budget.

*Jeffrey Small, Managing Director
Capitol Public Finance Group*

11:00 AM Break

11:15 AM The Mechanics of a General Obligation Bond

General obligation (GO) bonds are voter-approved long-term debt instruments, typically payable from ad valorem property taxes. Mr. Bauer provides an introduction to GO bond financing and the election process associated with the issuance of this type of instrument. He discusses why GO bonds are often a preferred debt instrument for school financing. What are the constitutional and statutory constraints on GO debt issued by schools? When is GO debt the right choice for a school district? What are the provisions of Proposition 39? How do they practically affect school debt decisions?

*Adam Bauer, Principal
Fieldman, Rolapp and Associates*

12:15 PM Lunch for Students and Speakers

1:15 PM Alternative Financing Instruments

This session presents information on the variety of alternative debt instruments, including certificates of participation, lease revenue bonds, and tax and revenue anticipation notes. This discussion considers the use of Mello-Roos bonds in the current market. It looks at the advantages and disadvantages of each type of instrument is discussed and specific examples are provided. The speaker also discusses the major types of legal documents that are produced.

*Eugene Clark-Herrera, Attorney
Orrick, Herrington and Sutcliffe*

1:45 PM Implementing the Provisions of the Federal Stimulus Package

In 2009, the US Congress provided school districts with new tools and incentives for issuing debt. Since then, some school districts have taken advantage of these tools. What has been the experience? What can other districts learn from their experience? How will the federal programs change in the coming months?

*Frank Vega, Associate and Rod Carter, Managing Director
RBC Capital Markets*

2:15 PM Break

2:30 PM The Role of Professionals

Schools rely on private-sector professionals to help them navigate the municipal market. Mr. Bennett leads a discussion of the role various professionals play. What should a school district expect from their private advisors? How can they be assured of getting the kind of help they need?

*Kerrigan R. Bennett, Shareholder
Stradling Yocca Carlson and Rauth*

2:45 PM Ongoing Administration and Accounting Issues

Mr. Bennett discusses the school districts' ongoing responsibilities for administering debt. Responsibilities include continuing disclosure, financial reporting, arbitrage rebate calculations, tax issues, accounting methods, investment of bond proceeds, and debt service management.

*Kerrigan R. Bennett
Stradling Yocca Carlson and Rauth*

3:30 PM Closing Remarks