

California Debt and Investment Advisory Commission

Debt 2:

ACCESSING THE MARKET

March 14, 2012

Kellogg West Conference Center

Pomona, CA

Agenda

8:00am **Registration**

8:30am **Welcome and Opening Remarks**

Mark Campbell, Executive Director, CDIAC

8:35am **Introduction: Recent Trends in the Bond Market**

This introductory session provides an overview of current market conditions and trends.

Nikolai Sklaroff, Director, Wells Fargo Securities

Session One

9:05am **Debt Capacity and Affordability**

This session highlights the concept of measuring debt capacity and includes a discussion on methods and approaches to understanding an agency's debt capacity. The session also addresses the concept of affordability and the issuer's ability to repay debt given current and potential future economic conditions. Speakers will discuss:

- Measurements of debt capacity
- Challenges of determining debt capacity
- Analysis of debt capacity
- Relevance of debt capacity

William Reynolds, Senior Vice President, First Southwest Company

10:00am **Break**

Session Two

10:15am **Debt Policy and a Plan of Finance**

Determining the feasibility of various funding approaches is an essential element of capital planning. This session illustrates the importance of creating and reworking an

agency's debt finance policy and developing a well thought-out financing plan. Speakers address:

- Development and financial objectives of a plan
- Main components of a policy and plan
- Bond issuance timing factors
- Updating debt policies

David Johnson, Managing Director, Wells Fargo Securities

11:00am Break

Session Three

11:15am Debt Structuring

Once the decision is made to issue debt and the plan of finance has been developed, agency officials must size the debt issue, calculate and schedule debt service, and determine the various features of the issue. This session will cover the process and key considerations for debt structuring including:

- Fund accounts
- Debt service structures
- Variable rate vs. fixed rate
- Structural considerations and challenges
- Current issues with swaps
- Alternatives to variable rate demand bonds

Anand Kesavan, Senior Vice President, Siebert Brandford Shank & Co., LLC

12:30pm Lunch

Session Four

1:45pm Credit Quality and the New Dynamics of Credit Ratings

This session addresses credit ratings, covering what they are, how they are arrived at, and how they are best maintained. Speakers will discuss:

- Rating basics and globalization
- Fundamentals of credit analysis
- Key factors affecting ratings
- Impact of current economic conditions and rating downgrades
- Tips for effective communication with rating analysts and investors

Angela Kukoda, Senior Vice President, First Southwest Company

Nikolai Sklaroff, Director, Wells Fargo Securities

2:45pm Break

Session Five

3:00pm

Marketing and Pricing

This session covers the process and dynamics of marketing and pricing an issue. Speakers will discuss how access to information, certain economic forces, and the availability of real-time pricing data can impact the marketability and pricing of an issue. In addition, they will explain the steps an issuer can take to ensure bonds are issued at the best price. Speakers will discuss:

- Marketing approaches (competitive vs. negotiated vs. private placement)
- How bonds from various sectors (e.g., G.O. vs. 501(c)3 health care) are priced
- Pricing data, essential market information, and the pricing process
- Understanding investors and the unique perceptions of each credit in a post-bond insurance world
- Market access challenges and related considerations
- Techniques to access the markets to best satisfy financing objectives

Tim Schaefer, President, Magis Advisors

Session Six

4:30pm

Market Efficiency: Improving an Agency's Effectiveness

Government entities share a common objective when issuing municipal bonds—to receive maximum proceeds at the lowest possible cost. According to MSRB Data, only 40 percent of investors in municipal credits are retail investors. This session provides an understanding of how issuers can improve their chances of attracting retail and institutional investors and includes discussion on:

- Primary and secondary markets
- Investor base
- Attracting new investors
- Cost of market efficiency
- New issue distribution
- Use of the internet

Debra Saunders, Vice President, Fidelity Capital Markets

5:00pm

End of Seminar