



CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

The California Debt and Investment Advisory Commission

In Partnership with

The California Municipal Treasurers Association of Northern California Division 6

Present

Public Investment Workshop

Public Funds Investing: Yesterday and Today

February 28, 2013

Sacramento City Hall- Council Chambers, 1st Floor New Wing

Sacramento, California

Public fund investing is structured by three objectives: safety, liquidity, and yield. Existing law stipulates that fund managers prioritize these objectives in declining order, with safety being paramount. This seminar delves into the framework for public funds investing in California by considering cases in which fund managers deviated from these objectives. It also addresses resources local investment officers may access to assist them, including the Local Agency Investment Guidelines. The limits of practice are then explored by considering the importance of credit quality in securities selection, recent changes in investment authority, and investment reporting.

9:00am **Registration (Coffee and Snack)**

9:30am **Welcome**

Mark Campbell, Executive Director, CDIAC

Russell Fehr, Northern Division Chair of CMTA and City Treasurer, Sacramento

9:40am **Local Agency Investment Guidelines- History and Structure**

Each year, since 2006, the California Debt and Investment Advisory Commission published investment guidelines for local agency staff. The speaker will provide an overview of the Local Agency Investment Guidelines and its use.

Doug Skarr, Policy Research Manager, CDIAC

10:00am **Public Investment Case Law: The Calamities of Public Investments**

This session highlights the relationship the existing investment authority provided local agencies in California and history, with particular attention paid to cases in which investment officers did not correctly or consistently apply the three objectives of public fund investing. The session covers:

- Case history discussions and lessons learned
- Relevant government investment codes and recommended practices

Russ Fehr, City Treasurer, City of Sacramento
Debbie Higgins, President, Higgins Capital
Kurt Yeager, Partner, Stradling Yocca Carlson and Rauth

11:45pm Lunch Break (Provided for all Participants and Speakers)

1:00pm Fund Management: Credit Quality in the Public Investment Portfolio
Investment products, such as sovereign AAA rated securities, Supranationals, GSEs, Covered Bonds and Yankee bonds, provide opportunities for investors. But what risks do they pose to public portfolios? Are they permitted instruments in the public investment portfolio? Speakers will provide a discussion of credit quality and how portfolio fund management is different today as a result of the introduction of new products.

Monty Hanks, Assistant Finance Director, City of Roseville
Martin Cassell, CEO and Chief Investment Officer, Chandler Asset Management
Tony Garcia, Vice President, Wells Fargo Securities LLC

2:30pm Current Updates and Practice Laws
The municipal market reform enacted since 2009 provided, among other things, that locals may purchase their own municipal debt. There are tax ramifications that go along with this practice. This session is tailored to speak to this current practice and to provide an update on these tax rules, other tax ramifications that exist with federal programs, and current investment record keeping practices.

Carol Lew, Partner, Stradling Yocca Carlson and Rauth
Michelle Durgy, Chief Investment Officer, City and County of San Francisco

3:00pm Technical Aspects of Investment Reporting Practices
Investment reporting is intended to provide the legislative body the ability to meet its fiduciary obligations. In addition, it allows the legislative body to be fully transparent with respect to how it is investing the public funds. This session is tailored to discuss various technical aspects of investment reporting including:

- Effective measures for reporting (book value, duration, mark to market)
- Reporting to legislative bodies
- Frequency of reporting
- Describing the economic climate
- Additional Reporting practices
- Readability of reports

Carlos Oblites, Senior Managing Consultant, PFM Asset Management
Bernard Santo Domingo, Chief Investment Officer, County of Sacramento

3:45pm Close

Notation: This workshop provides 5 hours of Minimum Continuing Legal Education credit and 2.7 points for the Certified California Municipal Treasurer program.