

THE CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION PRESENTS

MUNICIPAL DEBT ESSENTIALS

Debt 1: Debt Basics | Debt 2: Accessing the Market | Debt 3: Debt Administration



OCTOBER 22-24, 2013 | OAKLAND MARRIOTT CITY CENTER | OAKLAND, CA

ABOUT THE COURSE

Municipal Debt Essentials is a seminar series delivered over three days: *Debt 1: Debt Basics* (October 22nd), will supply the foundational concepts for issuing debt; *Debt 2: Accessing the Market* (October 23rd), will provide an understanding of the strategic planning that occurs prior to debt issuance; *Debt 3: Debt Administration* (October 24th), will explain the fundamental responsibilities of debt administration after bond issuance. The seminar series is designed to build upon concepts from each day; however, participants may choose to take individual courses or the entire series based upon their educational needs.

WHO SHOULD ATTEND

This seminar series is designed for local government officials and their staff, as well as industry professionals interested in obtaining information about public debt financing from beginning to end. Representatives from cities, counties, special districts, school districts, other municipal agencies, and the State are encouraged to attend. The course is designed to provide basic concepts to beginners, but in enough depth to interest seasoned professionals.

ABOUT CDIAC

The California Debt and Investment Advisory Commission (CDIAC) provides information, education and technical assistance on debt issuance and public fund investments to local public agencies and other public finance professionals. The Commission was created in 1981 with the passage of state legislation that established the California Debt Advisory Commission as the State's clearinghouse for public debt issuance information and required it to assist state and local agencies with the monitoring, issuance and management of public debt. Additional information about CDIAC is available online, www.treasurer.ca.gov/cdiac.

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

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AGENDA

Debt 1: Debt Basics October 22, 2013

8:00AM REGISTRATION

8:30AM WELCOME AND OPENING REMARKS

8:35AM INTRODUCTION TO THE BOND MARKET

This opening session will provide a brief history of the bond market, a discussion of recent events affecting issuers and investors, including concerns about the tax status of public debt and the significance of municipal bonds in the US financial market.

9:00AM SESSION ONE: BOND CONCEPTS AND OVERVIEW

This session offers the foundation upon which the remaining sessions build. Speakers will cover key concepts and principles of municipal debt, including but not limited to amortization, bond math, debt service, debt structure, and yield.

9:45AM BREAK

10:00AM SESSION TWO: LONG-TERM DEBT FINANCING OPTIONS- UNDERSTANDING BEST PRACTICES

This session will offer an in-depth discussion of long-term debt financing options including general obligation bonds (GO); certificates of participation (COPs); revenue bonds; among other types of long-term debt. Speakers will address repayment sources, use of bond proceeds, legal limitations, bond authorizations, marketability, and best practices associated with each of these financing options

11:15AM SESSION THREE: CURRENT SHORT-TERM FINANCING OPTIONS

Government agencies often use short-term instruments to bridge capital financings and smooth operating cash flows. This session will define short-term and interim financing options for capital financings and cash flow purposes. Speakers will discuss current economic conditions influencing cash flows and the short-term market.

12:15PM LUNCH

1:15PM SESSION FOUR: THE CHANGING ROLES AND RESPONSIBILITIES OF DEBT ISSUERS AND FINANCE TEAM MEMBERS

This session takes the perspectives of the issuer and the financing team to identify what finance managers need to know when issuing municipal debt. Speakers discuss the roles and responsibility of the members of a finance team, including the various liabilities public agencies face when issuing debt.

2:45PM BREAK

3:00PM SESSION FIVE: COST OF ISSUANCE

Public agencies that choose to issue debt are often dependent upon a host of professionals that must be compensated for their efforts. This session discusses what is included in the cost of issuance and ways in which government agencies can manage issuance costs.

3:45PM SESSION SIX: INITIAL DISCLOSURE

This session outlines initial disclosure (at the time of issuance) responsibilities of municipal market participants under the Securities and Exchange Commission Rules 10b-5 and 15c2-12. Speakers will describe standard disclosure requirements and the ramifications of noncompliance. In addition, the session addresses public inquiries and the use of the Internet to post financial information.

4:45PM SEMINAR CLOSING

AGENDA

Debt 2: Accessing the Market October 23, 2013

8:00AM REGISTRATION

8:30AM WELCOME AND OPENING REMARKS

8:35AM INTRODUCTION: RECENT TRENDS IN THE BOND MARKET

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

9:05AM SESSION ONE: DEBT CAPACITY AND AFFORDABILITY

This session highlights the concept of debt capacity and includes a discussion on methods and approaches to measure and understand an agency's debt capacity. Speakers will also address debt affordability and the issuer's ability to repay debt given current and potential future economic conditions.

10:00AM BREAK

10:15AM SESSION TWO: DEBT POLICY AND PLAN OF FINANCE

Speakers will illustrate the importance of creating and updating a public agency's debt policy and plan of finance. This session builds on the concepts of debt affordability and debt capacity introduced in the prior session and will address the main components and objectives of a public agency debt policy and plan of finance.

11:00AM BREAK

11:15AM SESSION THREE: 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 when structuring debt and repayment, including repayment source, term of repayment, interest rate (variable rate vs. fixed rate), use of credit enhancement, debt service coverage, and other covenants required by the market.

12:30PM LUNCH

1:45PM SESSION FOUR: CREDIT QUALITY AND THE NEW DYNAMICS OF CREDIT RATINGS

This session will cover credit rating basics and the fundamental credit analysis that supports a credit rating. Speakers will discuss the key factors affecting ratings, including current economic conditions, and how to effectively communicate with rating analysts and investors.

2:45PM BREAK

3:00PM SESSION FIVE: MARKETING AND PRICING

This session covers the concepts, techniques, and challenges of marketing and pricing a bond issue. The speaker will address the relationship between price and yield, market trends and uncertainties, and the selection of a sales method (e.g., competitive, negotiated, or private placement). In addition, the session looks at various aspects of the pricing process including the data used to market and price issues, the steps an issuer can take to ensure bonds are issued at the best price, and the variations that exist across different market sectors (e.g., G.O. vs. 501(c)3 health care).

4:30PM SESSION SIX: MARKET EFFICIENCY-IMPROVING AN AGENCY'S COST EFFECTIVENESS

Government entities share a common objective when issuing municipal bonds— borrow the maximum amount at the lowest possible cost. According to MSRB data, only 40 percent of investors in municipal bonds are retail investors. This session provides an understanding of how issuers can meet their objective by structuring the deal to attract retail and institutional investors. The session also includes a discussion of the investor base, distribution of new issues, and the primary and secondary markets.

5:00PM SEMINAR CLOSING

5:15PM RECEPTION

Hors d'oeuvres served in reserved section of Level Two Restaurant, Oakland Marriott City Center. Drinks are not included.

AGENDA

Debt 3: Debt Administration October 24, 2013

8:00AM REGISTRATION

8:30AM WELCOME AND OPENING REMARKS

8:35AM INTRODUCTION: FINANCE OFFICERS
IN TODAY'S MARKET

Recent actions by the Securities and Exchange Commission (SEC) have reinforced the fact that the responsibility for disclosing financial information that does not mislead an investor lies with the public agency not only at the time of issuance of debt, but also through the life of a bond. It is imperative that information be accurately and timely disseminated to the market. This session addresses responsibilities of the finance officer in meeting the expectations of the market, regulators, and the communities they represent.

8:50AM SESSION ONE: ROLES AND RESPONSIBILITIES
OF THE ISSUER AND TRUSTEE

The responsibilities of the issuer and the trustee continue after issuance. This session covers the post-issuance activities performed daily, monthly, and annually by the issuer and the trustee – specifically, management of bond funds and accounts, bond payments, records management, reporting requirements, and other fiduciary tasks. Speakers discuss the keys to an effective issuer-trustee relationship.

9:45AM BREAK

10:00AM SESSION TWO: BOND DOCUMENTS
AND DEBT SERVICE

This session focuses on the documents and procedures that govern debt service and repayment. Speakers will discuss the importance of reviewing and approving these documents prior to bond closing.

11:00AM SESSION THREE: UNDERSTANDING
ARBITRAGE

The practice of taking advantage of a price difference between two or more markets is known as arbitrage. Issuers who benefit from this price

difference may be required to make payments to the federal government. This session focuses on the Internal Revenue Service (IRS) requirements with regard to arbitrage, including issuer liability, rebate calculations, the rebate process, IRS audits, and options to manage arbitrage allowances.

12:00PM LUNCHEON

1:00PM SESSION FOUR: INVESTING BOND PROCEEDS

This session covers the instruments in which bond proceeds may be invested and offers guidance on selecting appropriate investments given the characteristics of the issue, financing plan, and arbitrage restrictions. In addition, the session addresses documents and other considerations that should be addressed before, during, and after a bond sale with regard to investing bond proceeds.

2:00PM BREAK

2:15PM SESSION FIVE: REFUNDING YOUR AGENCY'S
DEBT OBLIGATIONS

Finance managers should be open to opportunities to refinance debt obligations when market conditions are favorable. This session focuses on evaluating the costs and benefits of refunding existing debt, as well as refinancing options. Speakers will also address strategies for minimizing the impact of debt on an agency's balance sheet and the current challenges faced by redevelopment successor agencies.

3:45PM BREAK

4:00PM SESSION SIX: CONTINUING DISCLOSURE
RESPONSIBILITIES

As part of the bond documents, issuers agree to provide information to the market during the life of a bond. This session will address the current requirements for continuing disclosure and will provide an overview of the new SEC amendments applicable to ensuring improved transparency in the market. Speakers will discuss the use of the MSRB's Electronic Municipal Market Access (EMMA) for disclosing information to the market.

5:00PM SEMINAR CLOSING

ADDITIONAL INFORMATION

REGISTRATION

Registration can be conducted at www.treasurer.ca.gov/cdiac/seminars.asp

COST OF THE SEMINAR

The cost of the seminar covers food and beverage service and basic program materials (no slides) each day.

	PUBLIC OFFICIALS	PRIVATE OFFICIALS
DEBT 1: DEBT BASICS OCTOBER 22, 2013	\$150	\$350
DEBT 2: ACCESSING THE MARKET OCTOBER 23, 2013	\$150	\$350
DEBT 3: DEBT ADMINISTRATION OCTOBER 24, 2013	\$150	\$350
ALL THREE COURSES	\$375	\$975

Payment in full must be received before attending.

REGISTRATION CUT-OFF DATE: September 20, 2013. Late registration accepted based on availability of seats.

Cancellations and Refunds are only permitted on or before the registration cut-off deadline. Substitutions may be sent from the same agency.

Full refunds will be made to registrants if CDIAC cancels or postpones the seminar.

PAYMENT

Pay by either check or credit card (VISA or MasterCard). For payment by check, an invoice will be emailed to the registrant shortly after completing the online registration process. A secure website is used for credit card payment processing. NOTE: Payment by check is an option for public agencies only.

A confirmation notice will be forwarded to participants upon receipt of check or confirmation of credit card payment by CDIAC's registration system.

CONTINUING EDUCATION CREDIT

Participants may be eligible to earn the following continuing education credit by attending this seminar.

ATTORNEYS: CDIAC is an approved provider of Minimum Continuing Legal Education (MCLE) credit by the California State Bar.

COUNTY TREASURERS/TAX COLLECTORS: Under California Government Code Section 27000.8, CDIAC is an approved provider of continuing education credit.

ACCOUNTANTS: CDIAC adheres to the regulations and requirements prescribed in the California Accountancy Act.

CERTIFICATE OF ATTENDANCE: CDIAC will provide a certificate of attendance to participants that sign in and attend the entire program. It is the responsibility of the attendee to submit the CDIAC certificate to the certifying entity thereafter. CDIAC's education programs are accepted by many certification entities as "certifiable."

GREEN INITIATIVE

To help reduce waste, CDIAC does not produce seminar binders for participants. All materials will post to the website in advance of the seminar for registrants to download. Wi-Fi access at the seminar will be available upon request.

LODGING

Hotel reservations are made directly through the Oakland Marriott City Center. A limited number of rooms are available for seminar participants at a special nightly rate of \$125.00 if reserved before the registration deadline. Indicate that you are attending the CDIAC Debt Essentials Seminar to receive this rate.

OAKLAND MARRIOTT CITY CENTER

1001 Broadway
Oakland, California 94607
(510) 451-4000

DIRECTIONS

Detailed driving directions to the Oakland Marriott City Center are found on CDIAC's website.

PARKING AT OAKLAND MARRIOTT:

- Self - \$24
- Valet - \$33 daily rate

CDIAC EMAIL LIST

FROM BAY AREA REGIONAL TRANSIT (BART):

- Exit the 12th St. Oakland City Center Station (www.bart.gov/stations/12th/index.aspx)
- Walk southwest on Broadway toward 13th Street (.1 mile)
- Destination will be on the right

LINES SERVICING THIS STATION:

- Yellow: Pittsburg/Bay Point - SFIA/Millbrae
- Orange: Richmond - Fremont
- Red: Richmond - Daly City / Millbrae

Receive Regular Updates On CDIAC's Education Opportunities and Publications

Join the e-mail ListServ, which is the easiest way to receive notifications of upcoming educational programs and publications. Subscriber information is not shared with any other parties.

To sign-up go to www.treasurer.ca.gov/cdiac and click on "Sign Up to Receive Information on CDIAC Seminars and Publications".

UPCOMING CDIAC EDUCATION PROGRAMS

Webinars

Refunding Redevelopment Debt: New Challenges

SEPTEMBER 12, 2013 | 10AM-11:45AM

This webinar is designed to address the complexities faced by successor agencies with regard to refunding redevelopment debt.

Emergence of Public Investment Products: What are They and What are the Risks?

OCTOBER 9, 2013 | 10AM-11:30AM

This webinar will focus on investment products that appear to offer higher yields while meeting California's statutory requirements, but also include higher investment and legal risks.

Debt Management: Principles and Practices of Debt Management Policies

DECEMBER 4, 2013 | 10:00AM-11:30AM

This informational webinar addresses the importance of creating and maintaining a debt policy to assist local governments with the issuance and management of debt within established and recognized parameters.

Seminars

MSRB Rule G-17 and Other Market Disclosures: A Pathway to Clarity or Not? Pre-conference at *The Bond Buyer's* 23rd Annual California Public Finance Conference

SEPTEMBER 25, 2013

JW MARRIOTT LA LIVE | LOS ANGELES, CA

This pre-conference is aimed 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.

Tool and Strategies for Today's Public Investment Portfolio Manager

NOVEMBER 6-7, 2013

BLOOMBERG OFFICE- PIER 3 | SAN FRANCISCO, CA

This seminar is designed to provide public investment officers with the important concepts, tools and strategies for managing the safety, liquidity and yield of public portfolios amidst evolving market dynamics.

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