



In Collaboration with

The California Municipal Treasurers Association

Presents

**Advanced Public Funds Investing:
The Analytics of Investment Selection and
Portfolio Decision-Making**

January 27-28, 2016
The Mission Inn
Riverside, CA

In the summer of 2015, CDIAC produced a series of webinars called *The Public Fund Investment Portfolio*. The series provided a thorough examination of the types of instruments that are permitted for local government investment under California Government Code 53601. This two-day seminar is designed to build on the webinar series by providing a more advanced analysis of each instrument's features and risks in the context of a portfolio structure. The seminar will cover the more advanced concepts underlying sound public portfolio decision-making and include a practicum allowing seminar participants to put concepts into practice through an investment portfolio case-study simulation.

*Note: CDIAC and CMTA recommend that prior to attending this course participants view the webinar series, *The Public Fund Investment Portfolio* posted on the [CDIAC website](#).*

DAY ONE **Wednesday, January 27, 2016**

8:00 AM **Registration and Continental Breakfast**

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

Mark Campbell, Executive Director, CDIAC

*Margaret Moggia, President Elect, CMTA; Chief Financial Officer, West Basin
Municipal Water District*

INTRODUCTION

8:40 AM **Market Update: Where Are Interest Rates Going?**

The speaker will provide an update on interest rates from a federal perspective.

Don Collins, Vice President, Capital Markets, Wedbush Securities

David Schiffman, Senior Financial Strategist, First Empire Securities

SESSION ONE

9:20 AM Advanced Concepts for Public Investment Analytics

This session will provide an in-depth look at the key concepts that are required to analyze securities, such as the relationships between yield, duration, convexity, benchmarks, and option adjusted spread (OAS). These concepts and metrics are key to understanding the valuation of any security for the public investment portfolio. In addition, the speaker will examine how portfolio structures are created based on market conditions and investment policies and objectives.

Jason Klinghoffer, CFA, Director, Debt Capital Markets, Mischler Financial Group

11:00 AM Break

SESSION TWO

11:15 AM Recap of Permitted Investment Instruments

This session will summarize the permitted instruments under California Government Code 53601, as covered in CDIAC's *Local Agency Investment Guidelines* and recent webinar series, *The Public Investment Portfolio*.

Deborah Higgins, President, Higgins Capital Management

12:15 PM Luncheon for all Participants and Speakers

SESSION THREE

1:15 PM Advanced Securities Analysis: Analyzing Liquid Securities to Meet Cash Flow Needs

This session will include a detailed analysis of the more liquid investments such as repurchase agreements, pooled money accounts, money market funds, and money market mutual funds. In addition, speakers will include a discussion of investment accounting practices important to managing money markets investments in light of regulatory reform and the floating net asset value (NAV).

*Debra Goodnight, Managing Director, PFM
John Johnson, Chief Deputy Treasurer, County of San Bernardino*

2:25 PM Break

SESSION FOUR

2:40 PM Advanced Securities Analysis: Analyzing Governmental Securities

This session will delve further into the analysis of Treasuries and agencies. Speakers will consider callable vs. bullet structures, compare spreads using the OAS, and the application of step-ups and floaters. In addition, speakers will discuss the securities and portfolio strategies that can be incorporated to mitigate the risks of rising interest rates.

Rick Phillips, President and Chief Investment Officer, FTN Financial Main Street

SESSION FIVE

4:00 PM **Advanced Credit Analysis: Looking at Negotiable Certificate of Deposits, Commercial Paper, Corporates, and Asset-backed Securities**
This session will detail the important credit analysis considerations when analyzing negotiable certificate of deposits, commercial paper, corporates, and asset-backed securities. It will also discuss the processes to determine the proper fit and allocation in a properly diversified public portfolio.

Michelle Durgy, Chief Investment Officer, City and County of San Francisco

Kent Morris, Chief Investment Officer, City of San Diego

Kevin Webb, CFA, Director, Cantor Fitzgerald

5:30 PM **End of Day One and Complete Evaluation**

5:45 PM **Reception**

DAY TWO **Thursday, January 28, 2016**

8:00 AM **Sign-In For Day Two, Continental Breakfast and Case-Study Group Seating**

8:30 AM **Welcome and Opening**

Mark Campbell, Executive Director, CDIAC

*Margaret Moggia, President Elect, CMTA; Chief Financial Officer, West Basin
Municipal Water District*

INTRODUCTION

8:35 AM **Overview of Day One: Critical Considerations for Portfolio Selection and Management**

This opening session will review the investment strategies available to public agencies in various market conditions and discuss the reasons certain securities and strategies may result in favorable outcomes with respect to safety, liquidity, yield, duration and risk.

*Jeff Probst, CFA, Vice President and Portfolio Manager, Chandler Asset
Management*

William (Bill) Blackwill, Managing Director, Stifel

SESSION ONE

9:00 AM **Case Study: Portfolio Decision-Making**

The case study will give participants the chance to build and manage a portfolio. The case study will require participants to take into account the investment policy and portfolio objectives when selecting investments from a list of various securities and to account for the potential rise in rates. Each group will work through the analysis of the securities and portfolio and then present their investment decisions based on credit, price, yield, and convexity.

Facilitators:

Ned Connolly, Senior Vice President, Chandler Asset Management

*Jeff Probst, CFA, Vice President and Portfolio Manager, Chandler Asset
Management*

William (Bill) Blackwill, Managing Director, Stifel

11:30 AM **Luncheon for all Participants and Speakers**

SESSION TWO

12:30 PM **Class Discussion: Results of Managing the Portfolio**

Each work group will present their portfolio for discussion.

2:30 PM **End of Workshop and Complete Evaluation**