

The California Debt and Investment Advisory Commission and The Bond Buyer

Present

WILL THE AMERICAN RECOVERY AND REINVESTMENT ACT RESUSCITATE THE ECONOMY?

At the start of 2009, California's economy continued to slow and its municipal finance market functioned poorly. Nor was California alone among the states facing these problems.

In response to federal concerns about the recession and municipal finance market, Congress and the Obama Administration approved a financial package with ambitious goals for spurring economic recovery. The package, entitled the American Recovery and Reinvestment Act (ARRA), created new municipal bond instruments and made temporary changes to tax credit programs.

Congress directed much of the stimulus package to state and local governments, and insisted that they be subject to an unprecedented level of evaluation and assessment for the economic gains associated with the incentives. To what extent are California's governments using these new tools? Are the new tools making an impact on the state's economy? What will be the long-term effect?

Speakers will discuss the state of the economy, the municipal market and ARRA's impact on both. Market representatives will analyze the programs created by ARRA that make low-cost financing available to state and local governments. Panelist will share their experiences to help others identify potential hurdles and advantages of the ARRA municipal market programs.

8:30 am Registration

9:00 am Welcome and Introduction

*Mike Stanton, Publisher, The Bond Buyer
John Decker, Executive Director, CDIAC*

9:40 am ARRA and the California State Treasurer's Office

Speaker:

*Blake Fowler, Director, Public Finance Division
California State Treasurer's Office*

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10:00 am **Break**

10:15 am **Panel 1: Assessing the Underlying Health of the Economy and the California Public Finance Market**

In late June, California's unemployment rate was 2 percentage points higher than the national average, an unusual experience for California. How long and how deep will the recession be for California? When recovery comes, what will be the first signs of economic expansion?

The state's short-term loans came to a screeching halt in December 2008 because the state's access to credit was limited by the global liquidity constriction and conditions in the credit-rating market. Lately, however, there are some encouraging signs that the credit markets are unfreezing. Under what circumstances will California's governments have improved access to short term credit?

The state's budget problems continue to percolate. How is the 2009-10 budget holding up? What's in store for 2010-11?

Speakers:

*Carol Lew, Partner, Stradling Yocca Carlson and Rauth
Emily Raimes, Vice President/Senior Analyst, Moody's Investor Service
Mac Taylor, Legislative Analyst, State of California*

11:30 am **Lunch**

12:30 pm **Panel 2: Is ARRA Having a Measurable Effect on the Municipal Market?**

ARRA was intended to provide a wide range of investment and financing opportunities. State and local governments are expected to account for the stimulative effects of the ARRA-authorized instruments. In less than eight months after its enactment, how should ARRA's success in resuscitating and expanding the economy be assessed?

- Is there a component of the legislation that is key to economic recovery in California?
- Are California governments implementing ARRA as was intended by Congress?
- To what extent are new investors attracted to the municipal market by ARRA-authorized debt instruments?
- Is there any evidence that the municipal finance market is recovering? To what extent would it have recovered without the adoption of ARRA?

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- Are the BABs different in kind or effect from traditional tax-exempt debt? Do they attract different investors? Has the state's BAB had a stimulative effect on the economy?

Speakers:

Eileen Gallagher, Managing Director, Public Finance, Stone & Youngberg

Russell Goings, Managing Director, Cabrera Capital Markets LLC

Cadmus Hicks, Managing Director, Nuveen Investments

Nat Singer, Managing Director, Swap Financial Group

2:00 pm **Break**

2:15 pm **The Last Word: What Are the Prospects for a Return to “Normalcy”
in the Municipal Credit Markets?**

The need for municipal credit persists. The markets will recover. When the markets recover will we recognize the protocols and the instruments?

Speaker:

Tim Schaefer, Founder and Principal, Magis Advisors

3:00 p.m. **Adjourn**