

THE CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

Investment Seminar 2

**ADVANCED CONCEPTS AND PRACTICES
FOR INVESTING PUBLIC FUNDS**

October 22-23, 2009
Wyndham San Jose
San Jose, CA

AGENDA

Recent developments in the municipal market challenged public investment officials. Financial experts expect the municipal market to evolve rapidly in the coming months. This seminar assesses current market trends, and explains methods for assessing and rebalancing investment portfolios. It closes with a look into the future of the market. The seminar is intended for municipal officials with at least two years of experience in public investment.

THURSDAY, OCTOBER 22

8:00 AM **Registration/Distribution of Seminar Materials/Breakfast**

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

*John Decker, Executive Director,
California Debt and Investment Advisory Commission*

8:45 AM **Investment Economics**

The yield curve remains totemic. In the midst of recent market challenges, the curve retains its elegant ability to explain market conditions and inform investment decisions. The speaker defines the yield curve, and explains how it works and how it can be used to make investment decisions. This session also covers factors that drive risk and influence rates, such as timing, market forces, business cycles, and monetary policy. The speaker also provides an update on the economy.

Kenneth Schiebel, Managing Director, PFM Asset Management LLC

9:45 AM **Break**

10:00 AM **Cash Flow Management and Forecasting**

Good cash management requires more than filling a spreadsheet with forecasts of revenues and expenditures. In this session, two experts explore how you can manage your portfolio, conduct a sensitivity analysis of your future cash position and calibrate your strategic and tactical cash needs. This session will help you assess your performance as a cash manager.

*Kathleen Jackson, Principal Investment Officer, City of San Jose
Ben Finkelstein, Managing Director, Debt Capital Markets*

11:00 AM Break

11:15 AM Selecting the Best Products for Your Investment Goals - Part I

A moderated panel reviews investment products currently available to investment managers. Panelists cover the advantages and disadvantages of different products, including fixed-income, liquid, and those products not easily sold in the secondary market. In addition, speakers cover concepts related to investment performance, such as risk, duration, and convexity. Prior to lunch, a county treasurer discusses the development and implementation of investment goals. The panel then discusses what tools an entity may employ to analyze and assess investment portfolio performance. The panel continues after lunch.

Moderator: Kay Chandler, Presiden and CEA, Chandler Asset Management

Panel:

Margaret Kerins, Managing Directo and Head of Agency Strategy, RBS Greenwich Capital

Fred Keeley, Treasurer and Tax Collector, County of Santa Cruz

Ray Johnson, Applications Specialist, Bloomberg LP

12:00 PM Luncheon for All Participants and Speakers

1:00 PM Selecting the Best Products for Your Investment Goals - Part II

The panel reconvenes to discuss commonly-used investment instruments, with an emphasis on how the products work and the advantages of each instrument. Panelists cover structured products including guaranteed investment contracts and forward purchase agreements.

Part I Panel Continued

2:45 PM Break

3:00 PM Changing Roles of Investment Professionals

This session focuses on the services provided by brokers/dealers and investment advisors. They explain the difference between the primary and secondary dealers and how they function in the marketplace. Speakers comment on how the investment professionals' roles are changing in response to the rapidly evolving municipal market.

Bill Blackwill, Senior Vice President, Citigroup Global Markets, Inc.

Rick Phillips, President and CIO, Main Street Capital AdvisorsLLC

4:00 PM Adjournment

FRIDAY, OCTOBER 23

8:00 AM Check-in

8:30 AM

Establishing Benchmarks

Benchmarking a portfolio is part art and part science, it is an essential tool for managing public investments. This session focuses on benchmarking as an investment management and oversight tool. The speaker addresses the purpose and benefits of benchmarking, using established benchmarks, and evaluating the portfolio using benchmarks. How can investment officials use benchmarking to improve management of funds? Benchmarking assumes a certain amount of in-house staff capacity. What kind of on-going staff commitment is necessary?

Deanne Woodring, Managing Director, Davidson Fixed Income Management, Inc.

10:00 AM

Break

10:15 AM

Rebalancing Your Portfolio

As time passes, an agency reviews its investment portfolio to ensure consistency with its adopted investment strategy. The speaker explores why the value of an investment portfolio will change and necessitate a rebalancing. What changes in the market affect this review? How does the review change in rising and falling markets? The speaker describes the methodology and frequency for rebalancing and provides examples of rebalancing.

Carlos Oblites, Senior Managing Consultant, PFM Asset Management LLC

11:15AM

Break

11:30 AM

Hot Topics In Public Portfolio Investments

This final session assesses recent developments in the municipal investment market. What can investment managers anticipate in the coming months? How will changes in the credit and investment markets affect public portfolios? Speakers discuss recent investment programs, such as temporary liquidity guaranties. They discuss what to do when securities are downgraded, and how to execute exit strategies within the confines of the entity's investment policies.

Carlos Oblites, Senior Managing Consultant, PFM Asset Management LLC

Deanne Woodring, Managing Director, Davidson Fixed Income Management, Inc.

12:30 PM

Closing Remarks