



The California Debt and Investment Advisory Commission

Presents

Tools and Strategies for Today's Public Investment Portfolio Manager

March 12-13, 2014
Hilton Concord
Concord, California

AGENDA

This seminar provides public agency investment officers and other public officials with an introduction to the concepts, tools, and strategies necessary to manage and oversee public investment portfolios. Panelists will address the components of portfolio management, including establishing policy objectives, managing cash flow, understanding permitted investments, assessing and mitigating risk, and structuring portfolios.

DAY ONE: Wednesday, March 12

8:00 AM Registration

8:30 AM Welcome and Opening

Mark B. Campbell, Executive Director, CDIAC

Session One

8:45 AM Introduction: History of the Market and the Effects on Portfolio Management in California

This session will look back at prior market events and their impact on public portfolio holdings, including the following periods:

- Bull market from 1983-2001
- San Jose losses in 1984
- Changing bond prices in 1987
- Orange County investment losses in 1994

- US credit rating downgrade in 2011
- Hyperinflationary periods

Raymond Johnson, Applications Specialist, Bloomberg, LP

Session Two

9:15 AM Investment Concepts and Terms

This session is designed to explain basic concepts and define terms that public investment officers need to know to manage a fixed-income portfolio, including spread, weighted average maturity, duration, yield curve, and call types.

Tony Garcia, CFA, Vice President, Wells Fargo

10:15 AM Break

Session Three

10:30 AM Part 1- Public Investment Planning: Codes and Legal Investments – Current and Future

This session discusses the investments currently permitted by state law and the authority to invest in other alternatives, including covered bonds, 144A securities, Yankee bonds and CDs, supranationals, index notes, and Principal Protected Notes.

William Dennehy II, CFA, Senior Vice President and Portfolio Manager, Chandler Asset Management

Deborah M. Higgins, President, Higgins Capital Management

12:00 PM Luncheon (For all participants and speakers)

1:00 PM Part 2- Public Investment Planning: Investment Policy and Objectives

This session focuses on an agency's investment policy and how it helps to guide investment decisions. Speakers will address:

- Structuring an investment policy
- Setting realistic investment goals
- Maintaining an agency's investment objectives
- Measuring performance against investment objectives
- Identifying the amount of risk an agency can manage

Steve Groom, Chief Financial Officer and Treasurer, Beach Cities Health District

Kent Morris, Chief Investment Officer, City of San Diego

2:00 PM **Part 3- Public Investment Planning: Cash Flow**
This session is designed to discuss the management of public agency cash requirements, including balancing revenue receipts (taxes and fees) with monthly obligations, periodic debt-service payments, and other recurring or non-recurring cash demands.

Victoria L. Beatley, Director of Finance and City Treasurer, City of Seal Beach
Kent Morris, Chief Investment Officer, City of San Diego

2:45 PM **Break**

3:00 PM **Part 4- Public Investment Planning: Understanding Callables**
This session considers how investments in callable securities can affect an agency's cash flow planning under different market conditions. In addition, the speaker will discuss the characteristics of asset backed securities, specifically mortgage backed securities.

Monique Spyke, Director, Western Region Asset Management, PFM Asset Management LLC

3:45 PM **Part 5- Public Investment Planning: Portfolio Structure and Diversification**
This session discusses structuring an investment portfolio and provides alternative examples. Panelists will cover investment portfolio parameters, including diversification, dollar limitations, credit quality, and call options.

Kent Morris, Chief Investment Officer, City of San Diego
Jeffrey Wurm, Treasury Program Manager, Investment Division, State Treasurer's Office

Session Four

4:30 PM **Changing Rate Dynamics: Portfolio Structures and Strategies**
This session is designed to illustrate the effects of changing interest rates on the various portfolio structures and considers strategies that might help mitigate portfolio losses in this environment.

Tim Johnson, CFA, Managing Director and Senior Fixed Income Strategist, Piper Jaffray

5:30 PM **Close of Day One**

5:35 PM **Reception**
Hors d'oeuvres served in an area at the Hilton Concord. Drinks are not included.

DAY TWO: Thursday, March 13

Investment Tools for Public Agencies

This program is designed to provide local officials, especially new investment officers, with the tools needed to perform their responsibilities.

8:30 AM Welcome and Opening

Session One

8:40 AM Keeping Up With Federal Regulations Impacting Public Investing
This session will discuss the impact of federal regulations on public investments, in particular the Dodd-Frank Act, which changed a number of factors that can affect investment portfolios, including rating downgrades, changes in net asset value (NAV), and the adoption of SEC Rule 2a7 (money market funds).

Guyna G. Johnson, Director, Financial Institution's Department, Standard & Poor's Ratings Services

9:40 AM Break

Session Two

10:00 AM Securities and Credit Monitoring
This session discusses the tools public agencies can use to monitor overall market conditions and individual credits. Speakers will discuss what to look for, what to follow, how to manage credits, and what other resources are available to investment officers. The speakers will also examine how to find value in investment options to ensure competitive pricing in the "secondary" market.

*John Johnson, Cash Manager and Investment Officer, County of San Bernardino
Raymond Johnson, Applications Specialist, Bloomberg, LP
Brian Starr, CFA, Investment Analyst, City and County of San Francisco*

11:45 AM Luncheon (For all participants and speakers)

Session Three

12:30 PM

Portfolio Management Tools

This session is designed to discuss the available options to assist investment officers with valuing securities, including amortizing premium and discount. The presenter will discuss the tools and portfolio strategies that provide cash flow and maturity monitoring functions.

- Bloomberg
- Sympro and use of Mark to Market Facilitator
- Market Access or Tradeweb
- Yield Book or Bond Edge
- Other low cost solutions and credit analysis tools

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

Session Four

1:45 PM

Safekeeping and Third-Party Custodial Agreements

One of the most important fraud controls is the separation of security safekeeping and custody from the investment function. Investment policies should include a section regarding independent third-party safekeeping or custody of securities. This session will discuss the importance of establishing a separate safekeeping account and includes:

- The use of delivery vs. payment (DVP)
- GASB requirements of disclosure with regard to title

*Rod Skidmore, Vice President, Institutional Trust & Custody, US Bank
Henry W. Stern, City Treasurer, City of Anaheim*

Session Five

2:00 PM

Presenting Information to Governing Bodies

This session is designed to demonstrate how to present investment information to a public agency legislative body.

*Richard Loomis, Finance Director and Deputy Treasurer, City of Pinole
Henry W. Stern, City Treasurer, City of Anaheim*

3:15 PM

Close of Seminar

Please, complete post-seminar evaluation before departing. Thank you.