CDIAC CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

In Collaboration with

The California Municipal Treasurers Association

Presents

Fundamentals of Public Funds Investing

January 18-19, 2017
Riverside Convention Center
Riverside, CA

This seminar provides the fundamental concepts, tools, and strategies necessary to manage and oversee public investment portfolios. On Day One panelists will address the components of portfolio management, including roles and responsibilities of practitioners, understanding permitted investments, establishing policy objectives, and managing cash flow. On Day Two panelists will address structuring and diversifying an investment portfolio, benchmarking, and best practices in portfolio accounting, disclosure and reporting.

DAY ONE **Wednesday, January 18, 2017**

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

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

Mark Campbell, Executive Director, CDIAC
Margaret Moggia, President, CMTA; Chief Financial Officer, West Basin Municipal Water District

INTRODUCTION

8:40 AM **Introduction: Short Stories of Public Funds Investing in California**

An introduction to the events that have shaped public investing in California.

Ray Higgins, Chief Executive Officer, Higgins Capital Management

SESSION ONE

9:05 AM **Understanding Roles and Responsibilities of Public Investment Officers, Staff and Elected Officials**

Appointed and elected officials assume various roles in the management of public funds. This session considers their legal and fiduciary obligations, addressing the prudent person rule, personal liability of public officials, the roles and responsibilities of investment oversight committees and public treasurers under state law.

Michelle Durgy, Chief Investment Officer, City and County of San Francisco
Shari L. Freidenrich, CPA, Treasurer-Tax Collector, County of Orange
Philip Marr, Investment Officer, City of Los Angeles

10:15 AM **Break**

SESSION TWO

10:30 AM **Understanding Roles and Responsibilities of Investment Advisors and Broker/Dealers**

This session describes the roles and responsibilities of investment advisors and broker/dealers when assisting public agencies and includes a discussion of the Security and Exchange Commission's (SEC's) Municipal Advisor Rule. It also highlights the services investment advisors can provide, their selection criteria, and the fees and costs associated with these services. Similarly, this session provides information on negotiating with broker/dealers, their compensation, and how a government agency can ensure that a broker/dealer is working in their best interest.

Deborah Higgins, President, Higgins Capital Management
Deanne Woodring, President and Senior Portfolio Advisor, Government Portfolio Advisors

SESSION THREE

11:30 AM **Investment Terms and Concepts**

The speaker will cover the essential concepts that public investment officers and analysts need to know to manage a fixed-income portfolio, including benchmarking, spread, weighted average maturity, duration, yield curves, time value of money, and call types.

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

12:45 PM **Luncheon** for all participants and speakers

SESSION FOUR

1:45 PM **California Government Code and Legal Investments**

Government Code prescribes the authorized investments available to public agencies in California. Speakers will familiarize participants with these options and introduce resources that provide additional information, including CDIAC's 2016 Local Agency Investment Guidelines and webinar content.

William (Bill) Blackwill, Managing Director, Stifel
Laura Parisi, CPA, Treasurer, City of Laguna Beach

SESSION FIVE

2:15 PM **Investment Policy and Objectives**

This session focuses on an agency's investment policy and how it guides investment decisions. Speakers address the process of developing an investment policy, setting realistic investment goals, maintaining an agency's investment objectives, measuring performance against investment objectives, determining risk tolerance, and issuing periodic investment reports.

Lauren Brant, Managing Director, PFM
Shaun Farrell, Treasurer, City of Galt

3:15 PM **Break**

SESSION SIX

3:30 PM **Understanding Cash Flow and Forecasting, Part 1: Concepts**

This session covers the management of a public agency's cash requirements, including balancing revenues (taxes and fees) with monthly obligations, periodic debt-service payments, and other recurring or non-recurring cash demands. In addition, speakers will introduce the practice for preparing and implementing a cash flow forecast, using the forecast to make investment decisions, and the difference between forecasting operating cash and bond proceeds.

Ned Connolly, Senior Vice President, Chandler Asset Management
Michael Nguyen, Senior Vice President, Director of Investment Solutions, PMA Financial Network

SESSION SEVEN

4:00 PM **Understanding Cash Flow and Forecasting, Part 2: Exercise**

In this final session, participants will conduct a case study analyzing cash flows using Excel.

Ned Connolly, Senior Vice President, Chandler Asset Management
Michael Nguyen, Senior Vice President, Director of Investment Solutions, PMA Financial Network

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

5:45 PM **Reception**

Fundamentals of Public Funds Investing

DAY TWO **Thursday, January 19, 2017**

8:00 AM **Sign-In for Day Two, Continental Breakfast**

8:30 AM **Welcome and Opening**

Mark Campbell, Executive Director, CDIAC
Margaret Moggia, President, CMTA; Chief Financial Officer, West Basin Municipal Water District

8:35 AM **Introduction: Recap of Day**

A review of Day One of the seminar.

Linda Louie, Education and Outreach Manager, CDIAC

SESSION ONE

8:55 AM **Portfolio Structure and Diversification**

This session discusses structuring an investment portfolio and provides examples. The speaker will discuss structuring a public investment portfolio, including concepts such as diversification, dollar limitations, credit quality, and call options.

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

10:15 AM **Break**

SESSION TWO

10:30 AM **Understanding Benchmarking, Part 1: Concepts**

This session focuses on benchmarking as a means to monitor and manage performance. The speaker will address the purpose and use of benchmarks, the benefits of benchmarking, the development of benchmarks, and the evaluation of investments against theses benchmarks.

Kevin Webb, CFA, Director, Cantor Fitzgerald

SESSION THREE

11:15 AM **Understanding Benchmarking, Part 2: Developing a Benchmark Exercise**

Participants will work to develop a benchmark using Excel and evaluate their investments against the derived benchmark.

Kevin Webb, CFA, Director, Cantor Fitzgerald

12:30 PM **Luncheon** for all participants and speakers

SESSION FOUR

1:30 PM **Investment Accounting and Disclosure**

This session focuses on the accounting concepts and practices used by investment staff, including mark-to-market, cost value, book value. It will include a discussion of Governmental Accounting Standards Board standards, including GASB 31 and 72. This session will also discuss disclosure of investment policies and ways to create an open and transparent dialog with constituents and community members.

Deborah Harper, CPA, Partner, LSL CPAs and Advisors
Patricia Song, CPA, MBA, Finance Manager, City of Corona

2:30 PM **Break**

SESSION FIVE

2:45 PM **The Day-to-Day Management of Public Funds**

This session discusses the daily procedures and strategies for managing a portfolio, including securities clearance and market monitoring.

Facilitator/speaker: Margaret Moggia, President, CMTA; Chief Financial Officer, West Basin Municipal Water District

David Carr, Assistant Treasurer, City of Santa Monica
Kent Morris, Chief Investment Officer, City of San Diego

SESSION SIX

3:45 PM **Investment Reporting**

The seminar will end with a conversation about monthly and quarterly investment reporting, including where to gather the information to build the reports, how to illustrate the investments, and how to clearly communicate the reports to the governing body.

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

4:45 PM **End of Day Two and Complete Evaluation**