



PUBLIC FUNDS INVESTMENT: STRATEGY IN PRACTICE



January 25-26, 2023
Quiet Cannon Convention Center
901 Via San Clemente
Montebello, CA 90640

This interactive workshop provides attendees the opportunity to participate in the application of concepts and strategies explored in the Public Funds Investment Essentials webinar series. Through activities and discussion, the program will build from fundamental concepts and operational considerations to strategic portfolio management theory and practice.

Day 1 | January 25, 2023

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

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

SESSION ONE

8:40 AM **Public Fund Investment Bootcamp**

This session will provide an introduction to terms and concepts used in the management of public funds and provide a foundational framework for your entity's investment program to meet the primary objectives: safety of principal, having sufficient liquidity, and earning a market rate of investment income. After completing this session, a successful learner will be able to:

- Develop a Detailed Cash Flow Model
- Have a Responsible Amount of Interest Rate Risk and Credit Risk
- Understand the Pros and Cons of Trying to Time the Market
- Explain the Importance of Understanding the Difference Between Unrealized and Realized Gains/Losses

- Recognize the Significance of Following GAAP (Generally Accepted Accounting Principles)
- Understand How to Benchmark the Investment Program and Portfolio in Multiple Ways
- Know How to Provide Quality, Timely, and Transparent Report Reporting to Your Stakeholders

*Rick Phillips, President and Chief Investment Officer,
FHN Financial Main Street Advisors, LLC*

Kevin P. Webb, CFA, Managing Director, Robert W. Baird & Co.

CPE: 2.4

Program Level: Basic

Field of Study: Finance

Prerequisite: None

Advanced Preparation: None

Instructional Delivery Method: Group Live

10:40 AM Break

SESSION TWO

10:50 AM Leveraging Available Data and Technology

Effectively managing a public agency portfolio involves the use of technology and data. From spreadsheets to portfolio tracking software, a public agency needs to understand how to effectively incorporate the use of current tools to manage its portfolio. The pandemic resulted in the availability of more data, which can be used to manage gauge a portfolios success and help in setting benchmarks. Over the course of this discussion, the speaker will demonstrate how to prepare spreadsheets with embedded data. After completing this session, a successful learner will be able to:

- Identify tools to manage a public agency portfolio
- Identify sources of data for use in setting portfolio benchmarks
- Incorporate data sources in an excel spreadsheet to track portfolio performance

Kevin P. Webb, CFA, Managing Director, Robert W. Baird & Co.

CPE: 1.4

Program Level: Intermediate

Field of Study: Information Technology

Prerequisite: Two years of treasury, finance, or capital markets education and/or experience

Advanced Preparation: None

Instructional Delivery Method: Group Live

12:00 PM Luncheon for all Participants and Speakers

SESSION THREE

1:00 PM **Don't Let Accounting Practices Hamstring Your Portfolio**

This session will discuss the fundamental relationship between a public agency's accounting methods and its portfolio. This discussion will address the basics of accounting and how those methods impact the various public investment types. Panelist will follow investment choices through the life history of purchase, interim and annual reporting and to the call, prepayment, or maturity dates. After completing this session, a successful learner will be able to:

- Recall the difference between original cost, amortized cost and fair market value reporting for investment holdings
- Calculate the initial purchase of a bond, interest payments for different type of bonds and the amortized cost of a bond after initial purchase
- Determine the impacts of accounting choices on investment decisions

*Laura Glenn, CFA, Senior Director, Investment Advisory Services,
Public Trust Advisors*

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

CPE: 2

Program Level: Basic

Field of Study: Finance

Prerequisite: None

Advanced Preparation: None

Instructional Delivery Method: Group Live

2:45 PM **Break**

3:00 PM **Duration and Asset/Liability Management (ALM): Practical Approach, Theory and Case Study.**

Creating an appropriate strategy for investing can be a daunting task, especially when several schools of thought exist on how to approach it. In this session, we will make the case that, in reality, your strategy must center around the timing and magnitude of cash flows before the economics of the portfolio can be considered. Because you are safety and liquidity driven, you must use a method that first looks in the mirror and makes sense of the asset/liability (ALM) framework your institution faces. We will discuss the idea behind focusing on cash flows and utilizing immunization and cash flow matching techniques to optimize portfolio duration, assign approximate maturity buckets and use risk/reward techniques to apply sector allocations. After completing this session, a successful learner will be able to:

- Understand the fundamental idea behind developing a strategy and the difference between market-based and cash-flow based approaches to investing.
- Understand why Duration matters and why Duration and ALM should

be married in their approach.

- Follow a case study and observe a methodology that can be utilized to get a cash-flow based strategy set up for your portfolio.

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

*Hubert R. White, III, CFA, CTP, Chief Investment Officer,
City and County of San Francisco*

CPE: 2.4

Program Level: Intermediate

Field of Study: Finance

Prerequisite: Two years of treasury, finance, or capital markets education and/or experience

Advanced Preparation: None

Instructional Delivery Method: Group Live

5:00 PM **Closing Remarks and Evaluation**

5:15 PM **Reception for all Participants and Speakers**

Day 2 | January 26, 2023

8:30 AM Registration and Continental Breakfast

9:00 AM Welcome and Opening Remarks

SESSION ONE

9:05 AM Overview of Day One: Critical Considerations for Portfolio Management

This opening session will discuss the practical considerations for an agency portfolio manager and how a strategy can support the agency's portfolio objectives as market and fiscal conditions change. Using a local agency portfolio as an example, the session will explore decisions and strategies used to achieve desired outcomes with respect to safety, liquidity, and yield.

*Hubert R. White, III, CFA, CTP, Chief Investment Officer,
City and County of San Francisco*

SESSION TWO

9:35 AM Portfolio Simulation Application: Portfolio Decision Making

Based on the information presented throughout the program, the simulation will give participants the chance to build and manage a portfolio. Participants will consider 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. After completing this session, a successful learner will be able to:

- Formulate, build and rebalance a public fund investment portfolio
- Select investments in the context of investment policy and permissible investments
- Propose portfolio analysis strategies to their agencies

*Carlos Oblites, Senior Vice President and Portfolio Strategist,
Chandler Asset Management*

Karl Meng, Portfolio Strategist, Chandler Asset Management, Inc.

There will be a 10-minute break during this session.

CPE: 3.2

Program Level: Intermediate

Field of Study: Finance

Prerequisite: Two years of treasury, finance, or capital markets education and/or experience

Advanced Preparation: None

Instructional Delivery Method: Group Live

12:30 PM Luncheon for all Participants and Speakers

SESSION THREE

1:30 PM

Benchmarking Activity

This session focuses on benchmarking as a means to monitor and manage performance addressing the purpose and use of benchmarks, the benefits of benchmarking, the development of benchmarks, and the evaluation of investments against these benchmark. Participants will work to develop a benchmark using Excel and evaluate their investments against the derived benchmark. After completing this course, a successful learner will be able to:

- Define risk, return, and benchmark, as applied to public funds investing
- Explain how benchmarks tie to public investment objectives
- Consider reliability of economic forecasts
- Differentiate total return and yield

Kevin P. Webb, CFA, Managing Director, Robert W. Baird & Co.

CPE: 2.4

Program Level: Basic

Field of Study: Finance

Prerequisite: None

Advanced Preparation: None

Instructional Delivery Method: Group Live

3:30 PM

Closing Remarks and Evaluation



LAURA GLENN, CFA

Senior Director, Investment Advisory Services
Public Trust Advisors
Chamblee, GA

Laura is a Senior Director of Investment Advisory Services for Public Trust based in Atlanta, Georgia, where she is responsible for providing individually tailored and customized investment management, administrative, and advisory solutions to public sector entities across the U.S. Prior to joining Public Trust, Laura most recently served as a Portfolio Manager for the State of Georgia where she was responsible for the management of the State's commingled LGIP, served on the Office of State Treasurer Investment Committee, and was the point person for fund distribution for hundreds of state and local government clients.

Laura received a Bachelor of Science in Accounting from Auburn University and is a CFA charterholder. She is an active member and former president of the Government Investment Officers Association (GIOA) and a frequent expert panelist on LGIPs at the National Association of State Treasurers (NAST) and GIOA Conferences. Laura led the states response to the Governmental Accounting Standards Board (GASB) exposure draft on GASB Statement 79 regarding external investment pools and pool participants.



JASON KLINGHOFFER, CFA

Director, Debt Capital Markets
Mischler Financial Group
Principal
MaxQ Analytics, LLC
Corona del Mar, CA

Jason is a former United States Marine who has served in the public treasury management space since 2006. He is currently a Director in Debt Capital Markets for Mischler Financial Group and the Principal owner of MaxQ Analytics, LLC.

In his role at Mischler, Jason trades on behalf of public treasury accounts and leads the Agency Syndicate effort. He works directly with swap counterparties and agency representatives to increase New Issue access to clients and increase volume for GSE diversity access programs.

As the core developer of MaxQ Analytics, Jason and his team have created a suite of cloud-based solutions that address the philosophical, political and analytical complexities of public fund portfolio management. These systems include connected back-office accounting, reporting and trade management models that work in tandem with strategy development, asset-liability management and portfolio performance monitoring solutions.

Jason holds the Chartered Financial Analyst® designation from the CFA Institute and is an active member of the CFA Society of Orange County.



KARL MENG

Portfolio Strategist
Chandler Asset Management, Inc.
San Diego, CA

Karl Meng joined Chandler Asset Management in 2022 as a Portfolio Strategist. He is a member of the Investment Management Team and participates actively in the portfolio management process as well as builds and maintains client relationships. He focuses on identifying and communicating key investment related themes and trends for implementation into clients' portfolios.

Karl has over 14 years of Institutional Sales & Trading experience specializing in Federal Agency Fixed Income products, Mortgage-Backed Securities, and US Treasuries. Prior to joining Chandler, Karl was a Vice President for Vining Sparks IBG LP, where he was responsible for establishing and maintaining trading relationships with Government Entities and Institutional Asset managers. Karl is a graduate of San Diego State University with his B.A. in Economics. He holds the FINRA Series 7, Series 63, and Series 65 licenses.



CARLOS OBLITES

Senior Vice President and Portfolio Strategist
Chandler Asset Management, Inc.
Novato, CA

Carlos Oblites is a Senior Portfolio Strategist at Chandler Asset Management. He is responsible for building and maintaining client relationships with public agencies along with participating actively in the portfolio management process. Mr. Oblites has over 28 years of investment and financial experience, focused largely on managing fixed income and pension strategies for governmental and institutional non-profit clients.

Prior to joining Chandler, Mr. Oblites served as the Administrative Services Manager at Central Marin Sanitation Agency and was responsible for all aspects of the Agency's financial, human resources, administrative support, and information systems activities. He also has significant expertise in serving the investment needs of California public agencies, healthcare, and insurance clients through his roles as Director at PFM Asset Management and as a Principal at Wells Capital Management.

Mr. Oblites holds a Bachelor of Arts degree in History from the University of California, Santa Barbara, and earned a Master's Degree in Business Administration.



RICK PHILLIPS, CCM

President and Chief Investment Officer
FHN Financial Main Street Advisors, LLC
Las Vegas, NV

Rick Phillips is president and chief investment officer at FHN Financial Main Street Advisors. The firm provides investment management on \$50+ billion of assets under management for states and local governments. Prior to starting FHN Main Street, Mr. Phillips was the chief investment officer at Clark County, Nevada, from 1998 to 2004 and was also the investment officer for the City of Las Vegas from 1989 to 1998. He has over 30 years of experience in cash and investment management.

Mr. Phillips is the founder of the Government Investment Officers Association, which has over 1,000 government investment officers as members. He has a Bachelor of Science in finance from Brigham Young University and a Master of Business Administration from the University of Utah.



KEVIN WEBB, CFA

Managing Director
Robert W. Baird & Co.
Las Vegas, NV

Kevin Webb joined Robert W. Baird & Co. in 2021 and is constantly seeking sleep-adjusted returns in a sleepless world. He holds the Chartered Financial Analyst designation and is a member of both the CFA Institute and Global Association of Risk Professionals.



HUBERT (HUBIE) R. WHITE III, CFA, CTP

Chief Investment Officer
City and County of San Francisco
San Francisco, CA

As Chief Investment Officer of the City & County of San Francisco, Hubie is responsible for management of the City's \$14+ billion dollar short duration fixed income portfolio. His responsibilities include setting of portfolio strategy, reviewing and analyzing macroeconomic data, performing security and cash flow analysis, and the day-to-day trading of the portfolio. He is also responsible for management and oversight of the investment staff. Before joining the City in 2014, Hubie spent over 25 years at various asset management firms specializing in the management of short duration fixed income portfolios. These included numerous money market mutual funds, enhanced cash portfolios, securities

lending cash reinvestment portfolios, and separately managed short duration fixed income accounts for corporations, municipalities, and individuals.

Hubie has earned the right to use the Chartered Financial Analyst (CFA) designation from the CFA

Institute. He also earned the Certified Treasury Professional (CTP) designation from the Association of Financial Professionals. Hubie is a member of the CFA Institute, the CFA Society of San Francisco, and the Association of Treasury Professionals. He is the president for CMTA (California Municipal Treasurers Association), the past president of IMPAC (The Investment Managers of Public Agencies Council), a member of the board of GIOA (Government Investment Officers Association). He is also a member of GFOA's (Government Finance Officers Association) Treasury & Investment Management Committee as well as being the chair of the Investment sub-committee. Hubie received a Bachelor of Science in Business Administration from the Robins School of Business at the University of Richmond.

