



In Collaboration with



The California Municipal Treasurers Association

*Presents*

## Fundamentals of Public Funds Investing

January 23-24, 2019  
Riverside Convention Center  
Riverside, CA

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

**DAY ONE**      **Wednesday, January 23, 2019**

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

**8:30 AM**      **Welcome and Opening Remarks**  
California Municipal Treasurers Association (CMTA)  
California Debt and Investment Advisory Commission (CDIAC)

### SESSION ONE

**8:45 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 investor policy, personal liability of public officials, the roles and responsibilities of investment oversight committees and public treasurers under state law.

## SESSION TWO

**9:30 AM      Understanding the 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. It 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. The application of the Security and Exchange Commission's (SEC's) Municipal Advisor Rule will also be discussed.

**10:15 AM      Break**

## SESSION THREE

**10:30 AM      Investment Terms and Concepts**

Speakers 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.

## SESSION FOUR

**11:45 AM      California Government Code and Legal Investments**

California Government Code prescribes the authorized investments available to California public agencies. Speakers will introduce these products as well as additional resources that describe investment options, including CDIAC's 2016 Local Agency Investment Primer and webinar content. The session will conclude with an overview of events that have shaped public investing in California.

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

## SESSION FIVE

**1:30 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.

## SESSION SIX

**2:15 PM      Fixed Income Economics**

This session will outline fundamental economic concepts in order to provide attendees an understanding of the fixed income market. The speaker will discuss the Federal Open Market Committee and its dual mandate to manage the world's largest economy while

using monetary policy to promote growth or cool an overheating economy. The effect of legislative fiscal policy and economic indicators will be discussed, as well as the use of economic forecasts while making portfolio decisions.

**3:15 PM      Break**

#### **SESSION SEVEN**

**3:30 PM      Understanding Cash Flow and Cash Flow 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.

#### **SESSION EIGHT**

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

In this final session, participants will be organized into work groups to conduct a case study analyzing cash flows using Excel.

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

**5:45 PM      Reception**

# Fundamentals of Public Funds Investing

**DAY TWO**      **Thursday, January 24, 2019**

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

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

**8:35 AM**      **Introduction: Q &A from Day One**  
A review of the questions submitted on the evaluations of Day One of the seminar.

## **SESSION ONE**

**8:55 AM**      **Portfolio Structure and Diversification**  
This session discusses structuring an investment portfolio and provides examples. Panelists will discuss structuring a public investment portfolio, including concepts such as diversification, dollar limitations, credit quality, and call options.

**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. Speakers will address the purpose and use of benchmarks, the benefits of benchmarking, the development of benchmarks, and the evaluation of investments against these benchmarks.

## **SESSION THREE**

**11:15 AM**      **Understanding Benchmarking, Part 2: Developing a Benchmark Group Exercise**  
Participants will work in groups to develop a benchmark using Excel and evaluate their investments against the derived benchmark.

**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, and book value. It will include a discussion of Governmental Accounting Standards Board standards, including GASB 31, 40, and 72. It will also discuss disclosure of investment policies and ways to create an open and transparent dialog with constituents and community members.

## **SESSION FIVE**

**2:30 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.

## **SESSION SIX**

**3:30 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.

**4:30 PM      End of Day Two and Complete Evaluation**