



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)

*Robert Berry, Deputy Director, CDIAC*  
*Dan Matusiewicz, President of CMTA and Finance Director/Treasurer, City of Newport Beach*

### 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.

*David Carr, Assistant Treasurer Tax-Collector, City of Santa Monica*  
*Vishal Thacker, Chief Investment Officer, Alameda County*

## 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.

*David Carr, Assistant Treasurer Tax-Collector, City of Santa Monica*  
*Don Collins, Treasurer, City of Irvine*  
*Alisa Backstrom, City Treasurer, City of Huntington Beach*

**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.

*Bret Black, Principal Treasury Investment Officer, County of Kern*  
*Jason Klinghoffer, CFA, Director, Debt Capital Markets, Mischler Financial Group*

## 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 2019 Local Agency Investment Guidelines and webinar content. The session will conclude with an overview of events that have shaped public investing in California.

*Deborah Higgins, President, Higgins Capital Management*  
*Ray Higgins, Chief Executive Officer, Higgins Capital Management*

**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.

*Deborah Higgins, President, Higgins Capital Management*

*John Johnson, Assistant Auditor-Controller and TTC, County of San Bernardino*

## SESSION SIX

### 2:15 PM **Fixed Income Economics**

This session will outline fundamental economic concepts in order to provide attendees with a framework to develop an independent thought process for understanding the impact to fixed income markets. The Federal Open Market Committee will be discussed, in addition to 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.

*Jacob Oubina, Senior U.S. Economist, RBC Capital Markets*

*Hubie White, Investment Officer/Assistant Portfolio Manager, City and County of San Francisco*

### 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.

*Genny Lynkiewicz, CFA, Vice President and Portfolio Manager, Chandler Asset Management*

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

## SESSION EIGHT

**4:00 PM      Understanding Cash Flow and Cash Flow 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.

*Genny Lynkiewicz, CFA, Vice President and Portfolio Manager, Chandler Asset Management*

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

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

*Hubie White, Investment Officer/Assistant Portfolio Manager, City and County of San Francisco*

**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

*Hubie White, Investment Officer/Assistant Portfolio Manager, City and County of San Francisco*

8:35 AM Introduction: Q&A From Day One

A review of the questions submitted on the evaluations of Day One of the seminar.

*Hubie White, Investment Officer/Assistant Portfolio Manager, City and County of San Francisco*

## SESSION ONE

8:55 AM From Policy to Construction: Portfolio Structure and Diversification

This session introduces many of the issues considered relevant to constructing a public fund portfolio. Participants are provided with a framework for building either a book yield or a total return portfolio.

*Ben Finkelstein, CFA, Managing Director, Cantor Fitzgerald*

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.

*Kevin Webb, Principal, Piper Jaffray*

## 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.

*Kevin Webb, Principal, Piper Jaffray*

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, 40, 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.

*Debra Goodnight, CPA, Managing Director, PFM Asset Management  
John Johnson, Assistant Treasurer-Tax Collector, County of San Bernardino*

#### 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.

*Moderator: Rick Phillips, President and Chief Investment Officer, FTN Financial Main Street  
Richard Kinzly, Investment Officer, County of San Diego  
Dan Matusiewicz, Finance Director and Treasurer, City of Newport Beach*

#### 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.

*Bret Black, Principal Treasury Investment Officer, County of Kern  
Rick Phillips, President and Chief Investment Officer, FTN Financial Main Street*

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

*Robert Berry, Deputy Director, CDIAC  
Dan Matusiewicz, Finance Director and Treasurer, City of Newport Beach*