Local Agencies Ability to Buy Their Own Debt – A Digest

Genti Droboniku, CDIAC Research Unit

INTRODUCTION
In 2008, both the Internal Revenue Services (IRS) and California Legislature amended their rules to allow local agencies to purchase and hold certain types of their own debt under certain conditions. These changes were intended to counteract the rising disruptions in the municipal bond markets brought on by the financial crisis. The temporary federal exception expired in December of 2010, but the State law allowing local agencies to purchase their own debt remains in effect in California. The historically low interest rate environment since 2008 has prompted many local agencies to look for higher yielding investments, with buying their own debt discussed as a viable alternative.

Investment advisors, tax specialists and bond counsel vary in their opinions on whether local agencies can purchase their own debt. Therefore, it is important for local agencies to consult with their own counsel and advisors. Since the IRS temporary exception allowing local agencies to purchase their own debt expired on December 31, 2010, local agencies should be aware that any purchase after that date may affect the tax-exempt status of their bonds. The purpose of this brief is to provide a background on local agencies repurchasing or acquiring their own debt and to review State and federal regulations related to this issue.

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Past President’s Message
Gina Tharani, CCMT, CMTA Past President

The year has flown by and it is now time to pass the gavel to your new leadership. It has been an honor to serve as your president this past year and I am thankful to all of you for your support. This has also been a humbling experience for me, allowing me to discover the value of this great organization while working with such an outstanding leadership team. There are so many dedicated members who willingly gave so much towards making CMTA a success; the Executive Board, Division Chairs, Committee Chairs, administrative staff, Conference Committee, sponsors, commercial members and Commercial Liaisons. Without their commitment and personal efforts, the achievements of the past year would not have been possible.

I cannot find the words to express my sincere admiration of CMTA volunteers and staff for all of their hard work, dedication and hours of volunteering to make this organization a success. Each and every one of you have been instrumental in making this journey a success.

At the beginning of my presidency, the leadership team held a Strategic Session which included revisiting the mission, vision and goals for the organization. During those discussions it was determined that in keeping with CMTA’s mission and vision – education, should be the focus. CMTA is currently working on creating an integrated program that would provide education in theory and practice by providing the necessary tools, education and certification while promoting ethical commitment in all its workshops and conferences. To further this goal CMTA is actively working on rolling out a new revised CCMT program that will bring more value to you and your organization.

This year the board has also made considerable strides in actively pursuing collaborative efforts with partner organizations to provide additional educational opportunities throughout California. Education partners include but are not limited to CDIAC and Fixed Income Academy. Additionally, an Investment Policy Certification Program was launched geared towards California guidelines. The key benefits of the program are to offer guidance and improve oversight of public sector agency investment portfolios by providing an independent compliance review.

The official passing of the gavel took place at the 54th Annual CMTA Conference at Disney’s Paradise Pier® Hotel in Anaheim. I would like to take this opportunity to congratulate and welcome the new Board. The key to having a successful organization is dependent on the involvement and enthusiasm of the membership. My journey with CMTA began eleven years ago at the division and board level. It has personally been a very rewarding experience and so I would encourage each and all of you to get involved in CMTA at any level that best fits your time and inclination. Please contact any of the Board members, Division Chairs or Committee Chairs and ask how you could participate to make CMTA work better for you.

In closing, thank you again for allowing me the opportunity and the honor to serve as your President. I have been humbled by this remarkable experience and the tremendous responsibility you entrusted to me this past year. With your new leadership, I am certain that our tradition of excellence will continue. It is true when they say time flies when you are having fun and for that I would like to thank you all for this amazing and enriching experience!!

Finally, on a personal note, special thanks go to my husband Kamal and sons Mehrir and Vishal for their support and encouragement throughout my professional endeavors. $
President’s Message
Michelle Durgy, CCMT, CMTA President

Hello! Nearly a month has passed since our Annual Conference and we are still trying to keep up the momentum from the event. I am pleased to report that we received overwhelmingly positive feedback from the event. Thank you! Most of you commented on the professionalism and engaging style of the speakers, as well as the content-driven format this year. That being said, I know we can do better! One of the sessions that was sorely missed by many, including myself, was the “Nuts and Bolts” session. For those of you who are new to CMTA, this session is limited to Agency members only, where we have a frank, roundtable-style discussion about the concerns we have at our own agencies. These have been a favorite of many because oftentimes, your peers are going through the same. The session can be cathartic and even beneficial when others share their solutions. So, mark my words, it will be back at next year’s conference.

Ok, lest I get a little ahead of myself with my excitement in sharing the conference news. I greatly appreciate your electing me to be your President for the 2013-2014 year. As you may have gleaned from the conference agenda my focus is first, Education and second, Outreach. On the education front, many new initiatives that make us a stronger organization: revamping of CCMT program – we are building a stronger curriculum, which will drive a more comprehensive and focused workshop and conference structure. We hope that by strengthening these programs it will generate new excitement in CMTA and lay the foundation for greater participation from every part of California. Our goal is to provide a framework of inclusion for every area of the State. To better facilitate this agenda, we have expanded from nine to 17 different divisions. The idea being that even if your agency is small and has no budget to attend workshops and conferences, you can at least network with your peers near you. And, CMTA will provide that framework. Our association will help you through the planning and logistics of putting those meetings together, payment to the vendors and more! Whether you are holding a conference call or a luncheon, we want to help you all make it happen. I strongly believe in educating through this CMTA network. By sharing information with our peers, we only make our public agencies’ investments safer and hopefully, more profitable. I hope that if you share this vision of CMTA and believe in the positive impact we can make together, that you will volunteer your time. If you are interested in effecting these new education or outreach initiatives, please reach out to one of our Board members, who can help you get started.

Good luck investing!
Micheline

Focus on Fixed Income Investing

Cutwater Asset Management is a client-centric and solutions-based investment advisor focused exclusively on fixed income investments. As one of the largest institutional fixed income managers in the world, Cutwater’s model combines world-class investment expertise and risk management capabilities with exceptional client service, in-depth consultation, and extensive interaction between clients and the investment team. With over 20 years of public-sector expertise and over $32 billion in assets under management, Cutwater provides flexible investment options for state and local governments, academic and financial institutions, pension funds, unions, and other non-profit investors. Let us focus our resources and expertise on your investment needs.

For more information, please contact: Gay Eichhoff, Regional Director at (888) 982-2252 or visit www.cutwater.com
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• City of Eastvale
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  — Terry Shea, Finance Director
• City of Fillmore
  — Shannon Godfrey, City Treasurer
  — Glenda Jay, Finance Director/Deputy City Treasurer
• Jurupa Community Services District
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• Grace Castaneda, Accounting Assistant, City of San Mateo
• Bhavna Chaudhary, Finance Manager, City of Livermore
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• Edwin Hernandez, Treasurer, City of Lynwood
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• Cari James, Acting Finance Director, City of Lathrop
• Cheiko Keagy, Victor Valley Wastewater Reclamation Authority
• Arvin Look, Financial Analyst, City of Santa Rosa
• Lisa Malek-Zadeh, Finance Director/City Treasurer, City of El Cerrito
• Susan Mills, Analyst, CA Debt and Investment Advisory Commission
• Alicia Salce, Revenue Collection Specialist, City of Arcadia
• Colleen Tribby, Budget & Financial Manager, City of South San Francisco
• Laura Walsh, City Treasurer, City of Colma
• Genie Wilson, Treasury Manager, City of Santa Barbara
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• Kristen Daly, Relationship Manager, J.P. Morgan Chase
• Andrea Fiore, Managing Director, BNY Mellon Capital Markets, LLC
• Nick Greazel, Relationship Manager, Chase Bank
• Ray Juman, Vice President, Wells Fargo Bank
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• Peter Li, Institutional Sales, Great Pacific Securities
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• Mark Petrasco, Vice President — Business Development Officer, Zions Bank Corporate Trust
• Amy Rutz, Vice President, Chase Bank
• HT Simonton, SVP, DA Davidson
• Emmett Templeton, Senior Account Executive/Government Services, Union Bank
• Danielle Wood, Managing Director, NBS

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For more information regarding the redistricting of divisions, see page 11
State Controller John Chiang released his monthly report covering California’s cash balance, receipts and disbursements in April 2013 on May 8, 2013. Total revenues equaled $15.03 billion, narrowly missing estimates by $119.9 million (-0.8 percent).

Through the first 10 months of the fiscal year, total revenues exceeded the Governor’s January projections by $4.6 billion (+6.1 percent). Personal income taxes led the gains by exceeding expectations by $4.4 billion (+8.5 percent).

"We’ve reached an important milestone in California’s economic recovery. For the first time in nearly six years, we closed out a month without borrowing from internal state funds to pay our bills," said Chiang. "But, there remains significant debt that must be shed before we can claim victory and these unanticipated revenues provide us with an important opportunity to take further steps toward long-term fiscal stability."

During the past six years, the State was forced to borrow at unprecedented levels from its own internal special funds and from Wall Street in order to meet its payment obligations. More aggressive cash management tools were also deployed, including the withholding of some payments and the use of IOUs for only the second time since the Great Depression. June 2007 was the last time the State was able to pay its bills without leveraging its internal funds.

The State ended the last fiscal year with a cash deficit of $9.6 billion, and by April 30, 2013, that cash deficit narrowed to $5.8 billion. That deficit is being covered by $10 billion in external borrowing, which the State will begin repaying later this month.

Personal income taxes for April came in $275 million below (-2.2 percent) monthly estimates outlined in the Governor’s budget. This was largely due to fewer returns filed and more refunds paid out than expected in the month of April.

Corporate taxes for April were $6.6 million above (0.5 percent) monthly estimates. Sales tax receipts were $113.4 million above (26.6 percent) estimates.

For more details on this report, read April 2013’s financial statement and summary analysis.

Track how April personal income tax receipts flowed by visiting the Controller’s revenue tracker.

For more news, please follow the Controller on Twitter at @CAController, and on Facebook at California State Controller’s Office. $
Accolades to one of our own, Klete Keller, Multi-Bank Securities, Inc. Account Executive and five-time U.S. Olympic Medalist who proudly represented our country in three Olympic Games by earning two Gold, one Silver, and two Bronze medals.

Just like the Olympics, dedication and commitment are needed to help you meet your financial goals.

It is through our outstanding customer service, product offerings, and value-added services that we present our clients with winning solutions. Since 1988, Multi-Bank Securities, Inc. has been doing that every day for each and every client.

To learn more about Multi-Bank Securities, Inc., an independent, fixed-income broker/dealer for the institutional marketplace, go to mbssecurities.com or contact Klete Keller.

Klete Keller
Account Executive
(800) 967-9069
kkeller@mbssecurities.com

Facts About MBS

MBS has made the INC. 500/5000 list of fast growing financial firms for three consecutive years.

MBS is approved to underwrite debt securities for the Federal National Mortgage Association (Fannie Mae) through their ACCESS® program.

MBS has an impeccable FINRA customer compliance record.
Members of CMTA met at Disney’s Paradise Pier® Hotel in Anaheim for the 54th Annual Conference on April 16 – 19. The conference was a complete success with outstanding educational sessions and several opportunities to network with colleagues. The conference was well attended with 220 attendees and 19 sponsors and exhibitors. The educational sessions offered 2 CCMT points and 4 CPE credits. Based on participant feedback, favorite sessions included Bonds 101 – Public Funds Investing, Proposition 13 and its Impact on California and the Economic Update. CMTA continues to develop stronger alliances with the State Treasurer’s Office, especially with the Executive Directors of LAIF and CDIAC.

CMTA received very positive feedback from those that attended the conference. We are looking forward to another successful conference next year at the Hyatt Regency San Francisco Airport, April 15-18, 2014. Mark your Calendars!

CMTA extends a heartfelt thank you to our sponsors and exhibitors, for without their support, the conference would not be possible!

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Wells Fargo Bank
The Chartered Financial Analyst Designation and the Duties of an Investment Adviser

Mia Corral, VP, Client Service, Chandler Asset Management

As an investment adviser registered with the Securities and Exchange Commission (SEC) through our Form ADV filings, we have taken on certain important duties that are not required of those who are not registered. Falling under the heading of “fiduciary duty,” every registered investment adviser (RIA) must act in the best interests of their clients individually and must place the client’s interests ahead of their own.

A comprehensive “laundry list” of fiduciary duties isn’t available within the governing law, which is the Investment Advisers Act of 1940. However, the Chartered Financial Analyst Institute (CFA) has created and approved the Code of Ethics and Standards of Professional Conduct that CFA charterholders are required to uphold. The members of our firm who hold CFA charters are bound by these code of ethics and standards of conduct and everyone at Chandler believes in and upholds the principals of the Code.

The tenets of the Institute’s Code of Ethics include the following:

- Act with integrity, competence, diligence, respect and in an ethical manner with the public, clients and prospective clients.
- Place the integrity of the investment profession and the interest of clients above personal interests.
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions and engaging in other professional activities.
- Practice and encourage others to practice in a professional and ethical manner...
- Promote the integrity of and uphold the rules governing capital markets.
- Maintain and improve professional competence and strive to maintain and improve the competence of other investment professionals.

The Institute’s Standards of Professional Conduct elaborate on the principles of the Code of Ethics. The following are some of the requirements of the Standards with regard to section III: Duties to Clients:

A. Loyalty, Prudence and Care. Members and Candidates must act for the benefit of their clients and place their clients’ interests before their employer’s or their own interests.

B. Fair Dealing. Members and Candidates must deal fairly and objectively with all clients when providing investment analysis, making investment recommendations, taking investment action, or engaging in other professional activities.

C. Suitability.
   1. When Members and Candidates are in an advisory relationship with a client, they must:
      a. Make a reasonable inquiry into a client’s or prospective client’s investment experience, risk and return objectives and financial constraints prior to making any investment recommendation or taking investment action and must reassess and update this information regularly.
      b. Determine that an investment is suitable to the client’s financial situation and consistent with the client’s written objectives, mandates and constraints before making an investment recommendation or taking investment action.
      c. Judge the suitability of investments in the context of the client’s total portfolio.
   2. When Members and Candidates are responsible for managing a portfolio to a specific mandate, strategy, or style, they must make only investment recommendations or take only investment actions that are consistent with the stated objectives and constraints of the portfolio.

D. Performance Presentation. When communicating investment performance information, Members and Candidates must make reasonable efforts to ensure that it is fair, accurate, and complete.

E. Preservation of Confidentiality. Members and Candidates must keep information about current, former and prospective clients confidential unless:
   1. The information concerns illegal activities on the part of the client or prospective client,
   2. Disclosure is required by law, or
   3. The client or prospective client permits disclosure of the information.

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BACKGROUND
As the financial crisis expanded in 2008, the financial markets, including the tax-exempt bond market, experienced significant disruption. The crisis led to the downgrade and dissolution of several bond insurers and the withdrawal of certain types of buyers from the municipal bond markets. At that time, public agencies had issued variable interest rate bonds in the form of Variable Rate Demand Obligations and Auction Rate Securities. The liquidity crisis froze the market for these instruments causing some issuers to pay exorbitant rates. The situation prompted many municipalities to consider temporarily buying their own bonds as a bridge to either resell or refinance in the future. However, issuers and their bond advisors were concerned that purchasing and holding their own tax-exempt bonds could result in the loss of tax-exempt status of the bonds for federal income tax purposes, or the extinguishment of the bonds altogether under State law.

To address these concerns, the IRS released Notice 2008-41 on March 25, 2008. The Notice outlined certain rules that allowed issuers to purchase and hold certain types of their own tax-exempt bonds temporarily without resulting in extinguishment or retirement for the purpose of Section 103 of the Internal Revenue Code (exclusion of interest on municipal securities from gross income for federal income tax purposes). Subsequently, the IRS issued Notice 2008-88 in October 2008, expanding the guidance set forth in Notice 2008-41. Under Notice 2008-88, qualified tender bonds and tax-exempt commercial paper purchased by a governmental issuer on a temporary basis were not deemed reissued or extinguished, regardless of when the governmental issuer acquired the debt, so long as the governmental issuer did not hold the debt beyond December 31, 2009. Finally, Notice 2010-7 extended the final date to December 31, 2010.

In response to the federal temporary exception, on March 26, 2008 the Governor signed Senate Bill 344 (Chapter 3, Statutes of 2008), adding Government Code Section 5925 allowing state or local government issuers to purchase or acquire their own debt. It also specified that the purchase of the tax-exempt bonds by the local agency that issued them does not cancel or otherwise alter the bonds.3 However, unlike the IRS Notices, SB 344 did not include a sunset provision.

SCENARIOS AND CONSEQUENCES OF PURCHASING OWN DEBT
Table 1 summarizes scenarios in which local agencies may issue and subsequently re-purchase their own debt along with the possible accompanying tax impact. The information below is general in nature. Issuers should seek legal advice before making a decision to purchase their own debt or apply any of these scenarios to their own situation.

1 See CDIA publication “Auction Rate Securities” for a comprehensive discussion
2 See www.irs.gov/pub/irs-drop/n-10-07.pdf. Certain provisions of Notice 2008-41 continue to allow certain variable rate bonds to be acquired and held by the Issuer for up to 90 days in certain circumstances.
3 Ibid [Note: It seems like this is intended to be a citation to Section 5925 rather than to Notice 2010-7]
Local Agencies Ability to Buy Their Own Debt continued from previous page

<table>
<thead>
<tr>
<th>SCENARIO</th>
<th>NEGATIVE RESULTS</th>
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<tr>
<td>a local agency or its subdivision (i.e. pension fund) purchases their own taxable Build America Bonds (bab) in the secondary market, the issuer received the 35 percent federal subsidy and the buyer (pension fund) did not pay federal taxes on interest received.</td>
<td>The IRS may dispute the use of this practice and invalidate the bab subsidy to the agency.</td>
</tr>
<tr>
<td>Local agency sells tax-exempt bonds and the local agency or its subdivision buys them back in the secondary market.</td>
<td>The IRS may consider the debt extinguished or retired. If the local agency decides to sell the bonds at a future date, it may not be able to sell them as tax-exempt bonds unless it completes the requalification process to obtain tax-exempt status.</td>
</tr>
<tr>
<td>Local agency sells taxable bonds in the primary market and the local agency or its subdivision buys them back in the secondary market.</td>
<td>No IRS concerns regarding tax-exemption on the bonds. See Additional Considerations below.</td>
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### ADDITIONAL CONSIDERATIONS

The temporary changes as a result of the IRS Notices and the addition of Section 5925 were intended to help state and local governments deal with the municipal bond market crises of 2008 and 2009 and with the liquidity constraints that many municipalities faced during the crisis. Since 2010, the municipal bond market has improved and the IRS exception has expired. If a public entity now decides to purchase its own bonds in a normal market environment it should consider several factors including:

**LEGAL INTERPRETATION.** The IRS exception allowing local agencies to purchase their own debt expired on December 31, 2010.\(^4\) On the other hand, California law allowing local agencies to purchase and own their own tax-exempt debt is still in effect. Given the complexities inherent in coordinating both content and timing of IRS Notices (2008-41, 2008-88, and 2010-7) with California Government Code, it is important for investment staff to seek a legal opinion on any transaction involving the purchase and sale of their own debt. This will ensure that such transactions do not affect the tax exempt status of their bonds or the status of their bonds as Build America Bonds.

**MATURITY.** Government Code Section 53601, pertaining to authorized public investments, states that local governments are allowed to invest in municipal notes, bonds, and other obligations as long as the final maturity does not exceed five years. However, the legislative body of a public agency can grant approval to invest in government bonds, notes, and other securities with maturities longer than five years. The approval must be issued no less than three months prior to the investment.\(^5\) Section 53601 applies even when local agencies purchase their own debt exceeding the five year maturity limit.

\(^4\) As noted above, Notice 2008-41 continues to allow certain variable rate bonds to be acquired and held by the issuer for up to 90 days in certain circumstances.

\(^5\) California Public Fund Investment Primer, pg.58

**SUMMARY**

The question of whether a local agency can purchase their own debt is a complicated one. Opinions by investment advisors, tax specialists and bond counsel vary. The considerations outlined above provide a framework for discussion. However, local agencies should be aware of the fact that the related IRS exception expired on December 31, 2010, and any purchase after that date may affect the tax-exempt status of their bonds. In addition, the intent of both State and federal rules was not to carve a regulatory exception, but to temporarily allow local agencies to better cope with the liquidity constraints many faced during the 2008-2009 market disruptions. $
Keeping Up

Please join CMTA in congratulating members for their active participation. Whether a new member, a new position, or a recent achievement, the Keeping Up section will keep you apprised of CMTA members' activities!

CMTA workshops and the Fixed Income Academy Bond School go hand and hand. The Workshop course topics included monetary policy, bond markets, municipal markets, bond math, yields curves and financing tools to new a few. Each course had five intriguing and knowledge-based lessons. The courses were taught by some of the best finance professionals in the government and private industry sector of treasury. Each course had note-taking printouts, glossary of terminology, graphs and recent newsletter excerpts that related to the video presentation. All of these study materials made the courses engaging and fun and there were website links to reference.

The courses gave behind the scene knowledge of how agency bonds were formed, how the Federal Reserve Board and other government officials make their decisions and which regulatory rules control municipal issues.

Tracey Lovely, 2012-2013 Education Chair, stated, "I really feel more informed and appreciate that I now have access to top financial gurus of the municipal, treasury/investment industry. I am proud of my Certified Financial Income Practitioner (CFIP) designation."

Thanks to Susan Munson and her team of Finance instructors: Vikki Beatley, David Horner, Ray Stone, Rick Phillips, Christopher Taylor, George Richardson, Craig Watanabe, Dr. Ian Hudson, Gary Campise and other team members.

Member News

CMTA COUNCIL APPROVED NEW MISSION STATEMENT
At the 54th Annual Conference, the Council approved a new mission statement:

To lead in promoting and enhancing the fiduciary responsibility and integrity of individuals responsible for public funds.

CMTA COUNCIL APPROVES REDISTRICTING OF DIVISIONS
The Council approved the redistricting of divisions at the annual conference. The reasons for redistricting are: large sections of California are lumped together despite substantial economic desparities; northern California divisions are not logically districted based on similar geography and situations; northern California participation is weak primarily due to geographic barriers; smaller divisions will disburse responsibility and increase the likelihood of developing CMTA's upcoming leaders; and smaller divisions will increase the number of interactions between members and leadership, providing greater insight on how to stay relevant as an organization. Click on the map above to see which division your agency falls in.

CMTA MASTER CALENDAR
The CMTA homepage contains a master calendar where all treasury/investment related events can be posted. Please send any Treasury-related events to Yelena at yelena@cmta.org for posting to the master calendar. Announcements will be sent through the CMTA listserv which goes out to all CMTA members. Local meetings will be sent to all members so that in the event that someone is interested in the meeting speaker, they can attend the division meeting. The individual division listservs will no longer be available.

SECOND EDITION OF CMTA INVESTMENT POLICY LAUNCHED AT ANNUAL CONFERENCE
Visit CMTA.org to download the second edition of the CMTA Investment Policy Certification Program and Application.

IN MEMORIAM
George Jeffries, long time member of CMTA and Tustin's long time City Treasurer, died suddenly on April 10. Jeffries held the position of City Treasurer for more than 16 years. He was also involved with Orange County investments, sitting on at least one advisory board for the county as well as the retirement system. He will be sorely missed. In honor of his dedication to public sector treasury, CMTA supported the Boys and Girls Clubs in his memory. Click here to view the thank you letter.

Calendar of Events

August
August 15:
CMTA & FIA Trading & Tech Workshop
Aliso Viejo Community Center

September
September 18-19:
Essentials of Treasury Management Workshop

January 2014
Advanced Investment Workshop
More details to come

April 2014
April 15-18:
55th Annual Conference
Hyatt San Francisco Airport

Become a "fan" of CMTA! "Like" us on Facebook

Member to Member
Use the CMTA listserv to connect with treasurers and bankers for information on a subject or matter of which you need clarification. The listserv is a quick way to initiate a dialogue regarding a specific issue. Join the listserv today by contacting brandon@cmta.org.
Clients Benefit from the Institute’s Code of Ethics and Standards of Professional Conduct

In order to gain the CFA designation, a candidate must gain command of a large body of knowledge focused on investment analysis, portfolio management, practical knowledge and ethics. The designation shows that its holder has completed a graduate degree level of study and has passed three increasingly advanced 6-hour examinations.

Due to its depth and comprehensiveness, the CFA program is recognized worldwide as a comprehensive foundation for investment analysis and portfolio management. Most industry professionals and many members of the public recognize the value of the designation. Equally important to the CFA institute and to the public is the program’s primary focus on ethics and professional conduct.

When a client retains an investment adviser who holds a CFA charter, the client can reasonably expect that the adviser will approach the portfolio in a methodical way that includes:

• First, a Charterholder has the depth and breadth of knowledge to understand fully the client’s investment objectives, risk constraints and investment policy.
• Next, a Charterholder has specific training in structuring an investment plan designed to fulfill the client’s objectives.
• And a methodology for evaluating, researching and selecting securities for inclusion in the portfolio is an integral part of their training.

Key to the process is that CFA Charterholders are bound to execute the investment program in an ethical way that places the client’s interests above their own while is consistent with the client’s needs. They will seek best execution on securities that are suitable for the individual client and must treat all clients fairly in all of their dealings.

We believe that the CFA Program combines the critical elements of knowledge and ethics to improve the quality of investment decision-making and the integrity of the investment industry. That is why we support our employees’ participation in the program and require that portfolio managers hold the CFA designation at the time they take on portfolio management responsibilities.

If you are interested in learning more about the CFA Code of Ethics and Standards of Conduct, you will find a link on our website — www.chandlerasset.com. You can also visit their website at www.cfainstitute.org.

Save the Date!

APRIL 15-18, 2014

Hyatt Regency San Francisco Airport
Burlingame, California

• Single/double room rate of $159 per night
• Complimentary shuttle to and from SFO International Airport
• Complimentary guestroom Internet access
• 50% off self parking rate