



CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

THE CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION PRE-CONFERENCE

For 22nd THE BOND BUYER California Public Finance Conference
Presents

Exploring the Dimensions of Municipal Credits

OCTOBER 17, 2012

Merchant's Exchange-Julia Morgan Ballroom

San Francisco, CA

According to economists the Great Recession ended in June or July of 2009, making it the longest-lived economic downturn since World War II. Yet state and local governments continue to struggle with budget deficits. Some question if revenues will ever return to pre-recessions levels or whether the “new normal” includes permanently downsized expectation and the diminished capacity to finance public projects. The speakers in this CDIAC Bond Buyer Pre-Conference will consider the impact of the Great Recession on public-sector credits, including the analysis and presentation of information related to credit quality, collateral, and capacity to repay debt issued by a municipality. Beginning with a discussion of state and local government capacity to issue debt, the program focuses on the tension between the public’s demand for projects and its willingness to finance them over long periods of time.

8:15am **Registration**

9:00am **Welcome and Introduction**

Session One

9:10am **Understanding Credit Capacity in the Post-Recession Era**

The economy is a principal driver of the public’s appetite for credit and the capacity to meet its debt obligations. Will the new economy promote and maintain the standards of trust and confidence needed to enable public credit to flourish in the future? Or has the Great Recession fundamentally changed what credit means?

Jordan Levine, Economist and Director of Economic Research, Beacon Economics LLC

Session Two

- 10:00am** **Credit Criteria: Historical and Current Measurers of Credit Quality**
This session will discuss the Five “C’s” of credit analysis and whether they are still relevant given the challenges facing municipalities in California.
- Tim Schaefer, Principal Owner, Magis Advisors
Paul Sutherlen, Senior Vice President and Senior Credit Products Officer, Bank of America Merrill Lynch

- 10:45am** **Break**

Session Three

- 11:00am** **In the Rear View Mirror: Credits Under Stress**
The market has assumed a direct connection between a strong willingness to pay and a robust ability to do so. Speakers will draw from examples of stressed credits to identify the line demarcating the willingness to pay from the capacity to pay and how this line is in constant flux.
- Facilitator: Tim Schaefer, Principal Owner, Magis Advisors
Tom McLoughlin, Managing Director, UBS Corp
James Spiotto, Chapman & Cutler LLP

- 11:45am** **Luncheon (All Participants and Speakers)**
- Keynote Speaker: Honorable State Treasurer Bill Lockyer*
- [Note: Includes acknowledgement of 25th Anniversary of California Debt Limit Allocation Committee, Chaired by Treasurer Lockyer]*

Session Four

- 1:00pm** **The Market’s Response to Changing Conditions and Emerging Needs?**
Current economic and market conditions have stressed relationships between issuers and investors--nowhere more apparent than in the effort to define what a general obligation debt really is. How have the ratings agencies and market analysts responded? What indicators concern them most? What steps are they taking to address these new uncertainties?
- Melanie Tung, Senior Municipal Research Analyst, Wells Capital Management
Marc Joffe, Principal Consultant, Public Sector Credit Solutions
Matthew Reining, Director and Analytical Manager, Standard and Poor’s

Session Five

1:45pm

Preparation for the Next Crisis: Roundtable

How are municipalities managing the uncertainty in the market and balancing that against the ongoing demand for project financing? What administrative, financial, or policy decisions are they making, or must they make to prepare for the next challenge.

Facilitator: David Brodsly, Managing Director, KNN Public Finance

Douglas Willmore, City Manager, City of Bell

Scott Johnson, Assistant City Administrator, City of Oakland

Bill Statler, Consultant and Trainer and Former Director of Finance & Information
Technology, City of San Luis Obispo

2:30pm

Pre-conference Closing