



THE CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION AND
THE CALIFORNIA MUNICIPAL TREASURERS ASSOCIATION PRESENT

Fundamentals of Public Funds Investing



February 28-29, 2024

DoubleTree by Hilton Livermore

720 Las Flores Road

Livermore, CA 94551

AGENDA

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, 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 1 | February 28, 2024

8:00 AM **Registration**
Complimentary continental breakfast

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

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. After completing this session, a successful learner will be able to:

- Summarize the different roles and responsibilities of public officials
- Identify how agencies are organizationally structured to meet their obligations
- Describe the legal and fiduciary responsibilities of each member of the agency

Kent Morris, Director of Treasury, Irvine Ranch Water District
Vishal Thacker, Chief Investment Officer, Alameda County

CPE: 1.0

Program Level: Basic

Prerequisites: None

Field of Study: SPECIALIZED KNOWLEDGE

Advanced Preparation: None

Delivery Method: Group Live

SESSION TWO

9:35 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. After completing this session, a successful learner will be able to:

- Define key investing terms such as par value, duration, call options, etc.
- Explain key investing concepts such as risk evaluation and how securities are valued and traded

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

CPE: 1.0

Program Level: Basic
Prerequisites: None
Field of Study: FINANCE
Advanced Preparation: None
Delivery Method: Group Live

10:30 AM Break

SESSION THREE

10:45 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 2023 Local Agency Investment Guidelines and webinar content. The session will conclude with an overview of events that have shaped public investing in California. After completing this session, a successful learner will be able to:

- Identify investments authorized for public agencies and understand legal limitations
- Recognize the purposes, risks and benefits of different investments in a portfolio
- Summarize the historical context of the current public investment environment

Angelica Hernandez, Deputy Executive Director, CDIAC

John Johnson, Assistant Auditor-Controller/Treasurer/Tax Collector, San Bernardino County

CPE: 1.0
Program Level: Basic
Prerequisites: None
Field of Study: SPECIALIZED KNOWLEDGE
Advanced Preparation: None
Delivery Method: Group Live

SESSION FOUR

11:35 AM 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. After completing this session, a successful learner will:

- Identify the importance of having an investment policy
- Identify best practices for developing an investment policy to meet minimum code requirements
- Summarize the CMTA certification process

Deborah Higgins, President, Higgins Capital Management
John Johnson, Assistant Auditor-Controller/Treasurer/Tax Collector, San Bernardino County

CPE: 1.0
Program Level: Basic
Prerequisites: None
Field of Study: SPECIALIZED KNOWLEDGE
Advanced Preparation: None
Delivery Method: Group Live

12:30 PM Luncheon

SESSION FIVE

1:30 PM 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 portfolio based on book yield or total return. After completing this session, a successful learner will:

- Identify the different elements of consideration in building a portfolio
- Recognize key challenges in linking policy to portfolio development and operation
- Recognize the differences between book yield and total return and the implications of using one over another

Rick Philips, Chief Investment Strategist, Meeder Public Funds

CPE: 1.2
Program Level: Basic
Prerequisites: None
Field of Study: FINANCE
Advanced Preparation: None
Delivery Method: Group Live

2:30 PM Break

SESSION SIX

2:45 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 (GASB) 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. After completing this session, a successful learner will:

- Recognize key fixed income securities terms such as fair value, book value, amortization, and unrealized gains or losses
- Identify the fundamental accounting concepts and implications of GASB standards

Alayne Sampson, Senior Portfolio Strategist, Chandler Asset Management
Sondra Ainsworth, Treasurer-Controller, Northern California Power Agency

CPE: 1.2

Program Level: Basic

Prerequisites: None

Field of Study: ACCOUNTING (GOVERNMENTAL)

Advanced Preparation: None

Delivery Method: Group Live

3:45 PM Break

SESSION SEVEN

4:00 PM 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 discusses how a government agency can ensure that a broker/dealer relationship serves its interest by considering broker/dealer compensation and negotiation. After completing this session, a successful learner will be able to:

- Compare the different roles and responsibilities of advisors and broker/dealers
- Identify what types of investment advisory services exist
- Identify the best practices for selecting investment advisors and services
- Describe the Municipal Advisor Rule

Susan Munson, Managing Director, Academy Securities, Inc.

Monique Spyke, Managing Director, PFM Asset Management LLC

Hubie White, CFA, CTP, Chief Investment Officer, City and County of San Francisco

CPE: 1.0

Program Level: Basic

Prerequisites: None

Field of Study: FINANCE

Advanced Preparation: None

Delivery Method: Group Live

4:50 PM CLOSE OF DAY 1

Day 2 | February 29, 2024

8:30 AM **Registration**
Complimentary continental breakfast

9:00 AM **Welcome and Opening Remarks**

9:05 AM **Introduction: Recap of Day One**
A review of Day One of the seminar.

Vishal Thacker, Chief Investment Officer, Alameda County

SESSION ONE

9:30 AM **Utilizing the Asset/Liability Management (ALM) Framework: Practical Approach and Theory**

This session covers the building blocks of an investment strategy utilizing the framework of ALM, which centers around the timing and magnitude of cash flows. Speakers will discuss the importance of focusing on utilizing immunization techniques as well as cash-flow matching strategies to optimize portfolio duration, assign approximate maturity buckets, and apply risk/reward preferences to sector allocations. After completing this session, a successful learner will be able to:

- Recognize the value in developing an investment strategy using a “bottom-up” approach
- Summarize the purpose of duration as well as how and why it should be factored into the framework
- Identify the methods that can be used to set up a strategy based on cash flow for a public agency portfolio through the application of a relevant case study

Jason Klinghoffer, CFA, Director, Debt Capital Markets, Mischler Financial Group
Hubie White, CFA, CTP, Chief Investment Officer, City and County of San Francisco

CPE: 1.4
Program Level: Basic
Prerequisites: None
Field of Study: FINANCE
Advanced Preparation: None
Delivery Method: Group Live

10:45 AM **Break**

SESSION TWO

11:00 AM **Understanding Benchmarking**

This session focuses on how to use benchmarking in the appropriate context to monitor and evaluate performance of investment portfolios. The content of this session will address the purpose and benefits of benchmarking, relevant benchmarking standards, common benchmarks used by public agencies, and potential pitfalls that can produce misleading or otherwise inappropriate analysis. After completing this session, a successful learner will:

- Define benchmarking assumptions and key terms
- Identify benchmarking standards relevant to an agency's specific context
- Use benchmarks appropriately and effectively

*David R. Carr, Director, Fixed Income and Capital Markets Unit, Robert W. Baird & Co.
Kevin Webb, CFA, Managing Director, Robert W. Baird & Co.*

CPE: 1.4

Program Level: Basic

Prerequisites: None

Field of Study: FINANCE

Advanced Preparation: None

Delivery Method: Group Live

12:15 PM **Luncheon**

SESSION THREE

1:15 PM **Economic Impacts to Cash Flow**

This session will outline fundamental economic concepts and address how key macroeconomic indicators can affect the local economy and subsequently impact public agencies' cash flows. Speakers will explore how these economic forecasts and impacts can affect liquidity management. After completing this session, a successful learner will:

- Navigate through various sources of economic data
- Interpret economic forecasts and use that information to formulate expectations for future market conditions
- Describe how various macroeconomic factors may ultimately affect cash flows for public agencies
- Recognize options and strategies for how to monitor important economic factors and integrate those strategies into ongoing operations and policies

*Laura Glenn, CFA, Senior Director, Investment Advisory Services, Public Trust Advisors
Connie Mobley-Ritter, MBA, CTP, Director, Treasury, San Mateo County Transit
District*

CPE: 1.2

Program Level: Basic
Prerequisites: None
Field of Study: ECONOMICS
Advanced Preparation: None
Delivery Method: Group Live

SESSION FOUR

2:15 PM

The Day-to-Day Management of a Public Investment Portfolio

This session is a practical exploration of portfolio management responsibilities with a focus on the daily processes, approaches, and procedures, including securities clearance and market monitoring. Panelists will also discuss the mechanics of monthly and quarterly investment reporting, including where to gather the information to build the reports. After completing this session, a successful learner will:

- Recognize considerations that should be factored into prudent decision making
- Compare different portfolio management approaches
- Identify the benefits and costs to a public agency of hiring an investment advisor
- Summarize the basic mechanics of investment reporting

*Robert Hannay, CFA, Treasury Manager, East Bay Municipal Utility District
RC Kinzly, Investment Officer of San Diego County Pooled Funds, San Diego County
Laura Parisi, City Treasurer, City of Laguna Beach*

CPE: 1.4
Program Level: Basic
Prerequisites: None
Field of Study: FINANCE
Advanced Preparation: None
Delivery Method: Group Live

3:30 PM Break

SESSION FIVE

3:45 PM

Investment Reporting

The seminar will end with a conversation about investment reporting, including the essential reporting elements and strategies for how to clearly communicate investment reports to an agency's governing body. After completing this session, a successful learner will:

- Summarize best practices for reporting
- Create transparent investment reports that are clear and effective
- Identify what other types of reports are helpful to include and when

Ben Finkelstein, CFA, Managing Director, Robert W. Baird & Co.

CPE: 1.2
Program Level: Basic
Prerequisites: None
Field of Study: FINANCE
Advanced Preparation: None
Delivery Method: Group Live

4:45 PM CLOSE OF SEMINAR



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