



# NFMA

Thirtieth Annual Conference  
April 30 – May 3, 2013  
The Westin Gaslamp Quarter  
San Diego, CA



TUESDAY, APRIL 30TH

1:00 – 5:00 pm

**Registration**

7:00 to 8:00 pm

**Welcome Reception sponsored by  
National Public Finance Guarantee**



WEDNESDAY, MAY 1ST

7:30 - 8:15 am

**Registration & Continental Breakfast**

8:15 - 8:30 am

**Welcoming Remarks** – *Geoffrey Buswick*, Standard & Poor's Rating Services, Annual Conference Chair  
• *Jeffrey Burger*, CFA, Standish Mellon Asset Management, NFMA Chair

8:30 - 10:00 am

**The Times They Are a Changin' – Pension & Benefit Reforms**

We all know what is on the horizon. Every stakeholder in the pension-and-benefit reform realm is facing enormous responsibilities and challenges. Municipal analysts are concerned about how pension & benefit changes will affect the costs of the liabilities and their impact upon debt repayment. At this point, there seem to be more questions than answers:

- How will state and local municipalities address the escalating costs of pension and benefit obligations when the mere discussion of solutions seems to cause problems?
- How successful will negotiations be among government officials and labor representation as they navigate through promises made to employees and skyrocketing costs of the liabilities?
- Will the legality and enforceability of enacted pension reforms be defined by the courts?

This team of experts will share firsthand their perspectives today and strategies for the future.

**Moderator:** *Deidra Kryz-Rusoff*, Portfolio Manager, Ferguson Wellman Capital Management Inc.

**Panelists:** *Steve Toole*, Director of Retirement Systems, North Carolina • *Robert C. North, Jr.*, Chief Actuary, New York City Office of the Actuary • *Steve Kreisberg*, Director, Collective Bargaining AFSCME

10:00 - 10:30 am

**Break**

10:30 am - Noon

**Chapter 9: Lessons Learned and What to Disclose**

While the predicted flood of chapter 9 municipal bankruptcy cases has not materialized as some had foreseen, there have been several significant chapter 9 cases in the last few years that have added some measure of guidance. This panel will review the major decisions that have been issued in recent chapter 9 cases and will discuss related disclosure considerations from the investor perspective.



San Diego

**Moderator:** *Mark N. Berman*, Partner, Nixon Peabody LLP

**Panelists:** *Marc A. Levinson*, Partner, Orrick, Herrington & Sutcliffe LLP • *Scott Richbourg*, Head of Municipal Finance, Build America Mutual Assurance Company • *Hannah Sullivan*, Vice President, Associate General Counsel, Fidelity Management & Research Company

12:15 - 1:45 pm

**Luncheon with Speaker:** *The Hon. Christopher Klein*, Chief Judge, U.S. Bankruptcy Court Eastern District of California – Chief Judge Klein is currently presiding over the City of Stockton, California’s Chapter 9 bankruptcy filing. Although he will not be commenting on that case, he is an expert on bankruptcy laws, their history and the differences between municipal and corporate filings. The majority of his speech will be commenting from the judge’s perspective on the strengths & limitations of Chapter 9, particularly compared with Chapters 7 & 11, and share the historical frameworks as to why the laws have been written as they are.

2:00 - 2:15 pm

**NFMA Business Meeting**

2:15 - 3:30 pm

**Industry Roundtable**

The NFMA will invite several representatives from key industry groups to discuss their perspectives on industry trends and developments.

**Moderator:** *Jeffrey Burger*, CFA, Standish Mellon Asset Management, NFMA Chair

**Panelists:** *Lynnette Kelly*, Executive Director, MSRB • *Colin MacNaught*, Assistant Treasurer, Commonwealth of Massachusetts • *Ben Watkins*, Director, State of Florida, Division of Bond Finance, GFOA • *David Bean*, Director of Research and Technical Activities, GASB

3:30 - 3:45 pm

**Break**

3:45 - 5:00 pm

**Case Study - Forensic Accountant Walks Through an Audit**

Following a default or bankruptcy, the municipal analyst may ask:

“Could I have seen this coming?”

“Was there an important ratio or audit note I missed?”

“Are there other entities facing this same issue?”

This session will look at the leading indicators of trouble that can be found in the financial statements and budgets and how these factors can be measured and evaluated. Discussions during this session will focus on the unique interpretations from what is placed by accountants in specific lines in the audit. Our panelists will draw on their unique current and past experiences and substantial expertise in state and local government. Panelists are currently active in the public finance arena and have also served in the past as government officials, city school district receiver and city auditor and mayor.

**Moderator:** *Nancy Zielke*, Senior Director, Alvarez and Marsal

**Panelists:** *William C. Statler*, Retired Director of Finance & Information Technology, City of San Luis Obispo, CA • *Robert Bobb*, President & CEO, the Robert Bobb Group • *Thomas Claassen*, Shareholder, Schneider, Downs & Company, Inc.

**Free evening**



THURSDAY, MAY 2ND

7:00 - 8:00 am

**Continental Breakfast**

8:00 - 9:00 am

**Breakout Sessions**

1,2,3,4

and

9:30 - 10:30 am

**Breakout Sessions**

1,2,5,6

and

11:00 am - Noon

**Breakout Sessions**

3,4,5,6

**Breakout #1 – Dismantling California Redevelopment Agencies and Its Unintended Consequences**

For many years, redevelopment was a key policy initiative of local governments with a mandate to stimulate economic development, redevelop blighted areas and build low/moderate income housing. In total there is over \$20 billion of tax allocation and housing bonds outstanding.

Approximately 400 redevelopment agencies (RDAs) in California were dissolved by the passage of ABX1 26 in February 2012. Because the financial and legal relationship between RDAs, their host city/county and other local taxing entities was complicated, the passage of ABX1 26 created quite a commotion for the successor agencies created to wind-down and dissolve the former RDAs. Although subsequent clean-up legislation (AB 1484) tried to address some of the ambiguities in ABX1 26, it could not tackle the budgetary difficulties facing local governments resulting in part from the State's own fiscal problems and lower property tax collections caused by a precipitous drop in real estate valuations. Our big unanswered question is: Where does this leave bondholders? This panel will identify the challenges and risks confronting successor agencies, discuss pending litigation and how local governments are coping in the post RDA world.

**Moderator:** *Tim Batler*, Senior Managing Director, State Street Corp.

**Panelists:** *Arn Andrews*, Acting Assistant Director of Finance, City of San Jose • *Eric Hoffmann*, Senior Vice President, Moody's Investors Service • *Stephanie M. Downs*, Senior Associate, Esq., Meyers Nave

**Breakout #2 – Gauging Event Risk**

The credit implications of large event risks such as natural disasters, system failures, technology developments, terrorism, and regulatory risk can result in revenue implications for issuer of municipal bonds. These events are unlikely but have the potential for significant revenue loss and are difficult to assess from a credit standpoint. This panel will explore the methodology used by organizations to establish a formal and cross-discipline framework for evaluating and mitigating risk. We will discuss the disclosure considerations surrounding event risk and how much can be made public given the uncertainty of potential risks and the effectiveness of mitigation efforts. Finally, we will consider the weighting of these risks by the buy side and these potential events can impact pricing or decisions to hold certain names.

**Moderator:** *Kathy Masterson*, Senior Director, Fitch Ratings

**Panelists:** *LD Hollingsworth*, Chief Risk Officer, CPS Energy • *Victor Hsu*, Partner, Fullbright & Jaworski LLP • *Jeffrey Wilson*, Co-Managing Partner and Co-Portfolio Manager, Kayne Anderson Capital Advisors



**Breakout #3 – Financing Public Education Reform**

The Great Recession took a serious toll on school financing across the country, and led to a onetime burst of federal funding that spurred changes in schools. The American Recovery and Reinvestment Act provided more than \$100 billion in education aid to offset budget cuts—and to promote the Obama administration’s education priorities, which the administration carried out largely through competitive grants, such as its signature “Race to the Top” program, which awarded money to states that committed to education policy changes. As we venture further into FY2013, that federal support has run out and state finances appear to be stabilizing at the expense of local school districts. As they face this fiscal stress, there is renewed public policy interest in raising student achievement standards by restructuring financial incentives for educators and in squeezing more out of every education dollar spent. The funding shift from local school districts toward charter schools appears to be accelerating, even as many charter school operators continue to struggle to find a stable business model. This panel will discuss the viability of various methods states and local districts are using or considering to fund public education.

**Moderator:** *Triet Nguyen*, Managing Partner, Axios Advisors LLC

**Panelists:** *Michelle Dougherty*, Vice President & Senior Research Analyst, Nuveen Asset Management • *Lawrence Picus*, Vice Dean for Faculty Affairs and Professor, USC Rossier School of Education • *Mary Kay Shields*, Chief Deputy Director, The John Engler Center for Charter Schools, Central Michigan University

**Breakout #4 – Déjà vu or Déjà voodoo? Project Finance in Muni Land**

Waste wood into wood pellet plants. Billion dollar fertilizer plants. Desalination Plants. The categories of corporate-like, commodity-based—and not infrequently, very large—projectstyle credits financed at least in part with tax-exempt bonds are numerous. Congress has also allowed otherwise non-qualified projects to be financed in the name of disaster or economic recovery. Now, as alternative and renewable sources become an increasing part of our energy future, no doubt creative bankers will figure out ways to turn to the muni market for capital. But if past is prologue and the past has had more than its share of defaults—remember ‘de-inking’, ‘ethanol’ or the Las Vegas Monorail?—is there a way to better analyze the non-inconsiderable risks? What are the primary credit drivers in these fundamentally corporate credits? Are lessons learned in the past applicable to the future? What kind of credit and structural features should an analyst look for and/or can be incorporated to increase the odds of success? Or minimize the damage in case of failure?

Our panelists have seen, analyzed, structured and (sadly) worked-out more than a few project deals over the years, and learned various lessons. This panel will share from the perspective of the analyst, purchaser’s counsel, and the banker.

**Moderator:** *Dean Lewallen*, Vice President, Municipal High-Yield Credit Analyst, Alliance Bernstein L.P.

**Panelists:** *Michael Roye*, Vice President and Senior Fixed Income Analyst, Columbia Management • *Rich Moche*, Member, Mintz Levin Cohn Ferris Glovsky and Popeo, P.C. • *George Longo*, Managing Director and Manager of Project Finance Group, Raymond James

**Breakout #5 – Infrastructure Funding from DC**

In 2009’s ‘Report Card for America’s Infrastructure’, the American Society of Civil Engineers (ASCE) assigned a grade of “D” to condition of maintenance and planning of the infrastructure of the United States. Since then, infrastructure investment has lagged the level that ASCE projected as baseline for maintenance,



and the 2013 update report focuses more on the billions of dollars in lost opportunity costs due to poor infrastructure. With Federal budget deficits, unsustainable entitlement spending and a Congress with an apparent inability to accomplish anything, the problem going forward looks to be continued under investment at the “D” or “F” level rather than an acceptable level of “B” or better. Finally, the municipal bond market has been a terrific source of capital investment, helping to make up for the diminished federal funding. What will the fiscal cliff and looming tax reform mean for this source of infrastructure capital?

Many ideas such as Public Private Partnerships and Infrastructure Banks have been discussed as tools to remedy the problem. However, P3’s, while rising in use, have not made a material dent in the infrastructure backlog and the topic of Infrastructure Banks conjures visions of central planning and mistakes such as Solyndra. This panel will bring together experts in infrastructure funding to realistically assess the options for bringing US infrastructure spending up to an acceptable level.

**Moderator:** *Douglas J. Kilcommons*, Senior Vice President, Public Finance Group , Moody’s Investors Service

**Panelists:** *Ignacio Barandiaran*, Principal, Arup • *Borja Leon*, Deputy Mayor for Transportation, City of Los Angeles

**Breakout #6 – Evaluating Credit Analysis Contribution to Investment Results**

Municipal bond analysts are frequently judged by their ability to anticipate upgrades or downgrades by the NRSROs, or simply by making good calls or avoiding calamity. While measuring specific credit recommendations in advance of ratings changes is straightforward, other metrics can be amorphous. The credit evaluation process raises many questions:

- What is a good call or a bad call, and does it matter?
- Does the avoidance of a credit problem really add value?
- How much of a portfolio’s performance is due to credit recommendations, and how much is due to other factors such as duration or security structure?
- Is performance due to recommendation of buying or selling of a ratings category, state, or sector?

In this session, we explore how credit analysis is implemented by portfolio managers, and several methodologies of isolating performance characteristics and assessing results.

**Moderator:** *Stephen Winterstein*, Managing Director & Chief Strategist, Wilmington Trust Investment Advisors, Inc.

**Panelists:** *Jean Lu*, Senior Analyst, Vanguard • *Peter DeGroot*, Head of Municipal Strategy and Research, J.P. Morgan • *Chad H. Farrington*, CFA, Portfolio Manager, Director of Tax-Exempt Fixed Income Research, Columbia Management Investment Advisors, LLC.

12:15 - 1:15 pm

**Brown Bag Lunch on: Conflicts of Interest Disclosure, New Issue White Paper and Charter School Disclosure (registration required; no press allowed)**

12:15 - 1:15 pm

**Past Chairs Lunch**

**Free afternoon**



San Diego

7:00 -9:30 pm

**Reception & NFMA's Annual Awards Dinner**

Take some time to socialize with other registrants over cocktails and dinner (weather permitting, a rooftop event)



FRIDAY, MAY 3RD

7:30 - 8:00 am

**Continental Breakfast**



8:00 - 9:15 am

**How Will Inevitable Federal Aid Cuts be Administered to US States and Local Governments: Cram Down or Trickle Down?**

Enormous fiscal challenges at the federal government level will place funding pressures (and ultimately cuts) on all states, cities and county governments. The Pew Center estimates that Federal government grants account for approximately 33% of state revenues, underscoring state and local governments' significant dependence on the federal government. Given the federal government's massive fiscal challenges and unsustainable trajectory of entitlement spending, federal aid cuts will affect states directly and local governments either directly or indirectly. Will the pace of cuts be predictable and measured (trickle down), or fast and painful (cram down)? How will other areas of Federal deficit reduction policy affect state and local borrowers such as the potential loss of all or part of the municipal bond tax exemption?

**Moderator:** *Reid Tomlin*, Director of Municipal Research, Wasmer Schroeder & Company

**Panelists:** *Gabriel Petek*, CFA, Senior Director, Standard & Poor's • *Kil Huh*, Research Director, Pew Charitable Trusts • *Donald F. Steuer*, Assistant Chief Administrative Officer/Chief Operating Officer, County of San Diego

9:15 - 9:30 am

**Break**

9:30 - 10:45 am

**The Affordable Care Act... What's the Latest from Washington? What Are the Experts Recommending? What Works, What Doesn't? Do We Know Yet?**

With Value Based Purchasing, reduced state funding for Medicaid, the ever changing competitive landscape, physician integration initiatives and the race to have technology systems to effectively manage it all, how do healthcare systems effectively implement strategic initiatives to remain competitive? We hear more and more providers talking about "strategic initiatives" and "preparation for changing reimbursement" but what is being advised to best prepare and what have not for profit systems implemented to date? What works, what doesn't?

**Moderator:** *Robin Fisher*, VP, Franklin Templeton Investments

**Panelists:** *Anu R. Singh*, SVP, Kaufman Hall & Associates • *Michael W. Murphy*, President & CEO, Sharp HealthCare • *Nathan Bays*, Counsel, The Health Management Academy

10:45 – 11:00 am

**Closing Comments & 2014 Invitation** – *Anne Ross*, Roosevelt & Cross, NFMA Annual Conference Co-Chair

**11:00 am - Conference Adjourns**

*The views expressed at the Annual Conference are those of the speakers alone and do not necessarily represent those of the National Federation of Municipal Analysts.*



**2013 Annual Conference Planning Committee:**

- > *Geoffrey Buswick, Standard & Poor's Rating Services – Chair*
- > *Anne Ross, Roosevelt & Cross – Co-Chair*
- > *Lisa Washburn, Municipal Market Advisors – NFMA Education Chair*
- > *Tim Batler, State Street Corp.*
- > *Mark N. Berman, Nixon Peabody LLP*
- > *Jeffrey Burger, CFA, Standish Mellon Asset Management*
- > *Suzanne Finnegan, Build America Mutual*
- > *Robin Fisher, Franklin Templeton Investments*
- > *Deidra Kryss-Rusoff, Ferguson Wellman Capital Management Inc.*
- > *Kathy Masterson, Fitch Ratings*
- > *Triet Nguyen, Axios Advisors LLC*
- > *Reid Tomlin, Wasmer Schroeder & Company*
- > *Thomas Weyl, Barclays Capital*
- > *Stephen Winterstein, Wilmington Trust Investment Advisors, Inc.*



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**Sponsorship Opportunities:** Contact *Lisa Good*, NFMA Executive Director, at 412-341-4898, or [lgood@nfma.org](mailto:lgood@nfma.org), if your firm is interested in being a sponsor.



SAVE THE DATE

MAY 6-9, 2014

NFMA

31ST ANNUAL CONFERENCE

GRAND FLORIDIAN

ORLANDO, FLORIDA



**The NFMA would like to recognize its 30 Chairmen:**

**1983-84** – George P. Gregorio

**1984-85** – Richard A. Ciccarone

**1985-86** – Jeffrey B. Noss

**1986-87** – Peter J. Fugiel

**1987-88** – Steven Tabb

**1988-89** – Leon J. Karvelis, Jr.

**1989-90** – G. Keith Quinney, Jr.

**1991** – Mary Jo Ochson

**1992** – Victoria Rupp Westall

**1993** – Katherine R. Bateman

**1994** – Thomas Kenny

**1995** – William Oliver

**1996** – Maureen Newman

**1997** – Jeffrey M. Baker

**1998** – Raymond Kubiak

**1999** – Mary Metastasio

**2000** – Dina Kennedy

**2001** – Alan Polsky

**2002** – Peter Bianchini

**2003** – Karen Szerszen

**2004** – Gerry Lian

**2005** – Donald King Cirillo

**2006** – Eric Friedland

**2007** – Tom Weyl

**2008** – Rob Yolland

**2009** – Bill Hogan

**2010** – Mark Stockwell

**2011** – Gregory Clark

**2012** – Gregory Aikman

**2013** – Jeffrey Burger





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