The Education Committee of the National Federation of Municipal Analysts

ADVANCED SEMINAR

UNDERSTANDING THE NEW PARADIGM OF MUNICIPAL PENSION LIABILITIES

October 15 -16, 2015
Sheraton Nashville Downtown
Nashville, Tennessee

PROGRAM

Thursday, October 15

7:30 – 8:00 a.m. ***Registration and Continental Breakfast sponsored by Bitvore Obligor Intelligence***

8:00 – 8:15 a.m. ***Opening Remarks –*** *Chris Mauro, Director, Municipal Bond Research, RBC Capital Markets*

8:15 – 9:30 a.m. ***Building a New ARC: Funding Pension Liabilities Post – GASB Statement 67 & 68***
The new GASB standards on pension accounting now focus entirely on accounting measurements of pension liabilities and no longer on how employers fund the cost of benefits or calculate their ARC. While there is widespread agreement among public finance professionals both within and outside government that annual contributions should continue to be funded, under GASB Statements 67 & 68 a gap exists in funding guidance. This panel will discuss what policy guidelines and metrics are being developed to fill this gap.

Moderator: *Gerry Lian, Senior Analyst, Invesco*
Panelists: *Tom Aaron, Assistant Vice President, Moody's; J. Ben Watkins III, Director, Florida Division of Finance; Keith Brainard, Research Director, NASRA*

9:30 – 9:45 a.m. ***Break***

9:45 – 11:00 a.m. ***Legal Pension Protections: Their Impact on Credit Quality and Bondholder Security***
Legal pension protections vary considerably between states in both form and content. As highlighted by recent court decisions in Illinois and New Jersey, these constraints play a vital role in determining a government's ability to achieve pension reform. Focusing on states and locals with the most restrictive legal pension protections, what flexibility do these issuers have in addressing their growing pension burdens? We'll also touch on what, if anything, we can draw from case law to date.

Moderator: *Rachel Barkley, Vice President, Loop Capital Markets*
Panelists: *David Dubrow, Partner, Arent Fox; Beth Dougherty, Senior Vice President, Nuveen Asset Management; Sean McNeeley, Practice Manager, PFM's Center for Retirement Finance*

11:00 – 11:15 a.m. ***Break***

11:15 a.m. – 12:30 p.m. ***Non-Traditional Funding Solutions to Public Pension Underfunding***

Funding of public pensions is a key credit concern for many state and local governments. There are some local governments who have analyzed options and executed plans to correct their funding levels. This panel will focus on alternative funding strategies such as pension obligation bonds and P3 long-term asset leases and will explore the pro-active steps municipal issuers are taking to battle this chief concern of analysts.

Moderator: *Tom Kozlik, Managing Director, Securities Analyst, PNC*
Panelists: *Gary Strathearn, Former CFO and Aggregate Pension Board Chair, Allentown, PA; Paula Tilsley, Executive Director, Cincinnati Retirement System; Paul Creedon, Managing Director, Citi*

12:30 – 2:00 p.m. ***Luncheon with Speaker: Lois Scott, Former CFO, City of Chicago***

2:00 – 2:15 p.m. ***Break***

2:15 – 3:30 p.m. ***GASB 68 Case Studies: What Will Pension Reporting Look Like Under GASB 68?***

This panel will take a hands-on approach to understanding what the new GASB 68 reporting rules will look like when implemented. Panelists will present examples of pension reporting pre- and post-GASB 68 implementation, including an examination of contribution and depletion rates, and explore the steps being taken by governments to implement GABS 68.

Moderator: *Lisa Schroeer, Senior Director, Standard & Poor's*
Panelists: *Tracy Drager, Assistant Auditor, County of San Diego; Craig Hallermann, Actuary, Ohio PERS; Tom Vicente, Partner, Aon Hewitt*

3:30 – 3:45 p.m. ***Break***

3:45 – 5:00 p.m. ***The Politics Behind Pension & OPEB Reform***

This panel will go behind the scenes and explore the political challenges policymakers face when negotiating post-retirement benefit changes. Panelists will also explore the contentious issue of "crowding out": How are rising retirement benefit costs threatening municipal services? Should pension funding be chosen over police protection?

Moderator: *Kelly Cruse, Vice President, Senior Research Analyst, McDonnell Investment Management, LLC*
Panelists: *Steve Eide, Managing Director, Manhattan Institute; Dan Liljenquist, Former Utah State Senator; David H. Lillard, Jr., Tennessee State Treasurer*

6:00 – 10:00 p.m. ***Cocktail Reception –*** *Bootleggers Inn located at 207 Broadway, Nashville*
Sponsored by National Public Finance Guarantee

Free Evening

Friday, October 16

7:30 – 8:30 a.m. ***Continental Breakfast***

8:30 – 9:30 a.m. ***Pension Reforms: Successes & Failures***

In a bid to ease the growing budget pressure caused by underfunded pension plans, state and local governments have enacted various types of pension reforms. However, not all pension reform is created equal. What types of reforms have succeeded in providing budget relief while securing employee retirement security, and what reforms have fallen short?

Moderator: *Helen Setina, Senior Research Analyst, Allstate Investments, LLC*
Panelists: *Richard K. Ellis, Treasurer, State of Utah; Luke Martel, Program Manager, Fiscal Affairs Program, National Conference of State Legislatures; Josh McGee, Vice President, Arnold Foundation and Senior Fellow, Manhattan Institute*

9:30 – 9:45 a.m. ***Break***

9:45 – 10:45 a.m. ***Pension Fund Management: The Consequences of Public Pension Fund Investment Underperformance***

Why have public pensions performed so poorly that the trusts are insufficient to meet long term obligations? Are investment allocation decisions and actuarial models used to fund pensions inherently flawed, and if so, what needs to be changed? Why have many funding approaches failed to address longevity risk? Do private sector pension funding assumptions have a place in pricing risk in public pensions? What are the financial and economic consequences of the overvaluation of unfunded pension liabilities?

Moderator: *Anne Ross, Consultant, Municipal Bond Specialists*
Panelists: *Mark Meyer, PhD, Vice President, Insurance Economics, Charles River Consultants; Pat Robertson, Executive Director PERS of Mississippi*

10:45 – 11:00 a.m. ***Break***

11:00 a.m. – 12:00 p.m. ***Shifting Actuarial Standards and the Implication for Understanding Public Pension Challenges***

The standard setting body for the actuarial professionals, the Actuarial Standards Board, is pursuing two projects that may lead to changes in how actuaries value and disclose pension funding data, particularly for public plans. Significant changes under discussion include the assessment and disclosure of pension risks; questions of how pension plans amortize their unfunded liabilities; and whether disclosures should include a market valuation of liabilities. The panel will discuss why the Board is pursuing reforms and what those reforms could mean for our understanding of public plan risks.

Moderator: *Douglas Offerman, Senior Director, Fitch Ratings*
Panelists: *Gordon Latter, Executive Vice President, Ryan Labs & Chair, Joint SOA-AAA Pension Finance Task Force; Leon F. (Rocky) Joyner, Jr., Vice President and Actuary, Segal Consulting and Fellow, Conference of Consulting Actuaries; Mita D. Drazilov, ASA, Senior Consultant, Gabriel, Roeder, Smith & Company, Chairperson, Actuarial Standards Board Pension Committee*

12:00 p.m. ***Seminar Adjourns***

The views expressed at the Advanced Seminar are those of the panelists alone and do not necessarily represent those of the National Federation of Municipal Analysts.

EDUCATION CHAIR

Mary Francoeur, Assured Guaranty

ADVANCED SEMINAR CO-CHAIRS

Chris Mauro, RBC Capital Markets
Ty Schoback, Columbia Threadneedle Investments

REGISTRATION

Registration for the seminar is $450 for full members of the NFMA and its Constituent Societies and $550 for non-members, which includes all seminar materials, two continental breakfasts, one luncheon and the cocktail reception. A limited number of discounted registrations for government employees and students are available; inquiries should be directed to Lisa Good at 412-341-4898, or lgood@nfma.org. Registration is online only at www.nfma.org. The deadline for registration is September 30, 2015. Payment may be made by credit card, e-check or by check. Cancellations will be accepted through September 30, 2015; a $50 processing fee will be applied regardless of the reason for cancellation. Beginning October 1, 2015 there will be no refunds; however, substitutions from the same firm will be accepted. If weather conditions prevent attendance, proof of flight cancellations must be provided and a partial (50%) credit will be given to be applied to registration for a future NFMA event. For more details on the cancellation policy, contact Lisa Good at 412-341-4898.

HOTEL

The NFMA has reserved a block of rooms at the Sheraton Nashville Downtown Hotel, 623 Union Street, Nashville, TN 37219, for registrants at the group rate of $299/night. Please call 1-800-447-9825 and identify yourself as a participant in the National Federation of Municipal Analysts Fall Advanced Seminar to receive the group rate, or go to https://www.starwoodmeeting.com/Book/FallAdvancedSeminar2015 to make reservations online. The block closes on September 18, 2015; however, it may fill prior to that time if demand is high. Please see your hotel confirmation for information on early/late checkout, deposits and cancellations.

ATTIRE

Business casual is acceptable for the seminar.

TRANSPORTATION

Airline transportation is via Nashville International Airport (BNA) with service provided by American, Delta, Frontier, Southwest, United, US Airways and Air Canada . The travel distance from the airport to the hotel is approximately 6.0 miles. Options for getting to and from the hotel include:

- Grayline Airport Express: Fees range from $14 for a one-way ticket to $25 for a round-trip ticket. Airport shuttle tickets may be purchased from Grayline Airport Express at the baggage claim area inside the airport. Advance reservations are required.
- Taxi: Estimated $25

NATIONAL FEDERATION OF MUNICIPAL ANALYSTS

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