



**The Education Committee of the  
National Federation of Municipal Analysts**

**ADVANCED SEMINAR  
ON  
STATE GOVERNMENTS**

**October 26 & 27, 2017  
Grand Hyatt  
Denver, Colorado**

**Thursday, October 26**

- 7:30 – 8:00 a.m.      **Registration and Continental Breakfast**
- 8:00 – 8:15 a.m.      **Opening Remarks** – *Renee Dougherty, Charles Schwab Investment Management, Advanced Seminar Chairperson*
- 8:15 – 9:30 a.m.      **Medicaid & States at a Crossroads**  
Medicaid has a high reliance on federal funding and has been a key spending driver for most states. Demographic trends and health care cost escalation against a backdrop of pronounced federal fiscal and policy uncertainty for this entitlement program threaten state governments' fiscal sustainability. Our panelists explore what the post Affordable Care Act funding environment, demographic trajectory and potential federal fiscal and policy changes may mean for state budgets and long-term credit fundamentals.  
  
*Moderator: Robin Prunty, Managing Director, S&P Global Ratings*  
*Panelists: Robin Rudowitz, Associate Director, Medicaid and the Uninsured, Kaiser Family Foundation; Joan Henneberry, Vice President, Health Management Associates; Peter DeGroot, Managing Director, JP Morgan Securities*
- 9:30 – 9:45 a.m.      **Break**
- 9:45 – 11:00 a.m.      **Leading & Lagging Indicators: A Look at Credit Spreads, Ratings & Other Essential Data Every Analyst Should Consider When Looking at State Credits**

There are many commonly used tools analysts use to uncover the direction of credit quality, such as economic and revenue performance. However, many other early indicators of changing credit quality may lead to a widening or narrowing of credit

spreads well before a rating is altered. This panel will explore issues such as changes in state taxation, for example, where the correlation with changes in credit quality may not be readily apparent. Through several case studies we will explore some of the most prominent state rating changes in recent years and discuss which leading and lagging indicators were the most effective at predicting movement in credit spreads and ratings.

Moderator: *Daniel Berger, Senior Market Strategist, Thomson Reuters/ Municipal Market Data*

Panelists: *David T. Litvack, Managing Director, Head of Tax-Exempt Research, U.S. Trust, Bank of America Private Wealth Management; John Loch, Municipal Bond Senior Credit Analyst, Invesco; Bedford Lydon, Vice President, Senior Fixed Income Research Analyst, McDonnell Investment*

11:00 – 11:15 a.m. **Break**

11:15 a.m. –  
12:30 p.m.

**Tools for Evaluating State Pension Risk**

It is generally acknowledged that governmental pension liabilities can lead to financial distress impacting a government's ability and/or willingness to pay its financial debt. This panel will discuss both legal and financial tools to assess the extent of such risks. While states cannot, currently, access the Federal Bankruptcy Code, what legal tools may or may not be available to adjust both accrued and future pension and OPEB liabilities? What financial reporting is available for debt holders to assess the magnitude of any pension and OPEB problem? What are the accounting assumptions impacting those figures and how might those assumptions differ among issuers? Sufficient time will be left at the end of the panel for a robust question and answer session.

Moderator: *Bill Kannel, Member/Bankruptcy and Restructuring Department Chair, Mintz Levin*

Panelists: *Jack M. Beermann, Professor, Boston University School of Law; Dean Mead, Senior Research Manager, Governmental Accounting Standards Board*

12:30 – 1:45 p.m. **Luncheon with Speaker**

*Bill Pound, Executive Director, National Conference of State Legislatures*

2:00 – 3:15 p.m.

**Competing for Growth: Effective Strategies for State Economic Development**

All state economic development presentations sound good, but how do analysts determine which strategies are going to result in cost-effective long-term job and revenue growth? How do state, regional and local governments work together with the private sector to compete against other domestic and international economic development programs? How much incentive can states afford to offer and how do they allocate those incentives to achieve consistent statewide development? Panelists will discuss their experience and best practices in economic development,

compare successful state programs, incentives and financings strategies, and examine lessons learned from underperforming programs.

Moderator: *Susan Kendall, Director, FirstSouthwest*

Panelists: *Katie Kramer, Vice President, Council of Development Finance Agencies; Steve Johnson, Director of Community Development, Colorado Housing and Finance Authority*

3:15 – 3:30 p.m.

**Break**

3:30 – 4:45 p.m.

**U.S. Territories: What’s Going Wrong?**

We all know the Puerto Rico story: an island territory with a subordinate and complicated relationship to the federal government that defaulted amidst a withering economy and a shrinking population. But what about the other territories—will they suffer the same fate? This panel will discuss the commonality of the territorial experience and examine the fate of territories in the municipal market since PROMESA. We will focus in part on federal/territorial relations and how this has added stress to territorial credits.

Moderator: *John Ceffalio, Vice President, AllianceBernstein*

Panelists: *Doug Mack, Author, “The Not-Quite States of America”; Margaret Metcalfe, Director, Guam Office of the Governor, Washington D.C.; Matt Weiderrecht, Director, Capstone*

5:00 – 6:00 p.m.

**Cocktail Reception**

**Friday, October 27**

7:30 – 8:00 a.m.

**Continental Breakfast**

8:00 – 9:15 a.m.

**Where the Rubber Meets the Road: State Funding for Infrastructure**

Funding for infrastructure, especially transportation, is primarily achieved at the state level of government. Most states have dedicated funding sources that provide over half of transportation spending, while federal grants from the Highway Trust Fund comprise about 28%. Still, significant gaps remain. Our panelists will discuss the challenges of putting together the capital stack to fund major investments as well as maintain existing assets. Topics to address will include public willingness to pay, be it through taxes, tolls or fares, and the benefits to accrue when that willingness is there.

Moderator: *Mary Francoeur, Managing Director, PFM Financial Advisors, LLC*

Panelists: *Patrick McCoy, Director of Finance, Metropolitan Transportation Authority of New York; Benjamin Asher, Director, Project Finance, Debt and Strategic Contracts, Texas Department of Transportation; David Spector, Director*

*of High Performance Transportation Enterprise, Colorado Department of Transportation (invited)*

9:15 – 9:30 a.m.

**Break**

9:30 – 10:45 a.m.

**The State & Local Credit “Hot Potato”**

States have valuable budget-balancing tools that include spending cuts to local governments, through trimming school aid, social services, and more. State fiscal problems, therefore, often trickle down to local governments. But what are the consequences and outcomes when credit stress reverberates between state and local governments? When do problems at the local level hurt the state? This panel will take a deep dive look into the “hot potato” of credit stress and examples of when states have been left holding the bag when the music stops.

Moderator: *Baye Larsen, Vice President/Senior Credit Officer, Moody’s Investors Services*

Panelists: *John Hicks, Executive Director, National Association of State Budget Officers; John Nixon, Vice President for Administrative Services, University of Utah; Paul Cassidy, Manager, Investment Banker, RBC Dain*

10:45 – 11:00 a.m.

**Break**

11:00 a.m. –

12:15 p.m.

**State Government Finance: The Political Dimension of Credit Analysis**

Can we rely on the political process for the fulfillment of state legacy obligations? Why are some states able to more effectively manage their pension, OPEB and debt liabilities against their citizenry’s demands for public services and taxation restraint? This panel will discuss political culture and how political institutions shape fiscal outcomes. The panel will take into consideration certain politically charged states where conflict in fiscal policy formulation has influenced or stymied sound credit practices.

Moderator: *Howard Sitzer, Senior Municipal Analyst, CreditSights*

Panelists: *Michael Barone, Resident Fellow, American Enterprise Institute, Principal Author, “The Almanac of American Politics” (invited); Honorable Susana Mendoza, Comptroller, State of Illinois (invited); Honorable Mike Turzai, Speaker of the House of Representatives, Commonwealth of Pennsylvania (invited)*

12:15 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**

*Nicole Byrd, Nationwide Insurance*

## **ADVANCED SEMINAR CO-CHAIRS**

*Renee Dougherty, Charles Schwab Investment Management*

*Michael Taylor, Sentinel 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 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](http://www.nfma.org). The deadline for registration is October 13, 2017. Cancellations will be accepted through October 13, 2017; a \$50 processing fee will be applied regardless of the reason for cancellation. Beginning October 14, 2017 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.

## **HOTEL**

The NFMA reserved a block of rooms at the Grand Hyatt Denver, 1750 Welton Street, Denver, Colorado, 80202, for registrants at the group rate of \$239/night. Please go to the following link (or cut and paste into your internet browser) to reserve a room at the hotel: <https://aws.passkey.com/go/NFMA17>. Please see your hotel confirmation for more information on early/late checkout, deposits and cancellations. The room block closes on Wednesday, October 4. The room block is limited; please reserve early.

## **ATTIRE**

Business casual is acceptable for the seminar.

## **TRANSPORTATION**

The Grand Hyatt Denver is located 25 miles from Denver Airport. Travelers can now use A Line, the new rail service from Denver International Airport to LoDo's (lower downtown) Union Station and back, courtesy of Regional Transportation District (RTD). The Denver airport rail has six stops along the way and takes approximately 37 minutes at a cost of \$9 each way. Union Station is located one mile from the hotel.

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## NATIONAL FEDERATION OF MUNICIPAL ANALYSTS

PO Box 14893

Pittsburgh, PA 15234

412-341-4898

[www.nfma.org](http://www.nfma.org)