



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

**ADVANCED SEMINAR  
on the  
Higher Education: Sector Under Stress**

**January 23 & 24, 2020  
Omni Hotel at California Plaza  
Los Angeles, California**

Thursday January 23

7:30 - 8:00 a.m. **Registration and Continental Breakfast**

8:00 - 8:45 a.m. **Demographic Projections for Higher Education**

Our speaker will present U.S. demographic trends and how they could impact future demand for higher education. Projections show that declining birth rates and a consequent decrease in the potential number of traditional higher education students could affect the demand for higher education during the coming decades. These negative trends are particularly acute in the Northeast and Midwest; however, they vary by state and by industry sub-sector. Our speaker is a senior researcher at WICHE, which provides projections for high school graduates by state.

*Moderator: John Ceffalio, Vice President, AllianceBernstein*

*Speaker: Patrick Lane, Vice President, Policy Analysis and Research, Western Interstate Commission for Higher Education (WICHE)*

8:45 - 9:00 a.m. **Break**

9:00 - 10:00 a.m. **Higher Education Legislative Policy Update**

Democrats and Republicans have starkly different views on how the federal government should fund, regulate, and shape higher education. The two parties have competing versions of the Higher Education Act reauthorization, and those proposals would create winners and losers among public, private not-for-profit, and for-profit colleges. Meanwhile, college access and affordability, including student loans, are attracting increasing political attention during this presidential election cycle, prompting questions on what those proposals mean for the sector. Join us for an update on the current state of the federal policy debate and what it could mean for the sector.

Moderator: *Dennis Gephardt, Vice President – Senior Credit Officer, Moody’s Investors Service*

Panelists: *Megan Schneider, Senior Director, Government Affairs, National Association of College and University Business Officers (NACUBO); Mark DeFusco, Ph.D., Chief Executive Officer/President, Bay State College*

10:00 - 10:15 a.m. **Break**

10:15 - 11:30 a.m. **Public Universities – How Low Can Funding Go?**

Many public universities face trying financial times as they are often the first target of state budget cuts during difficult economic climates, yet they often don’t benefit during a strong economy. A decade after the 2008 recession, fewer than 20% of states are funding higher education at or above pre-recession levels on a per pupil basis. Compounding this problem are politically-driven legislative limitations on tuition & fees and/or admitting non-residents. Changing demographics also play a role, especially for states with a stagnant or declining number of high-school graduates and/or a strong economy luring potential students into full-time employment. How are public colleges and universities coping with these funding pressures? How do schools interact with state policy-makers to operate economically and efficiently and how do they achieve predictability in an uncertain political environment?

Moderator: *Howard Cure, Director of Municipal Bond Research, Evercore*

Panelists: *Sandra Kim, Managing Director, UBS; Rick Seltzer, Reporter, Inside Higher Ed; Myron Dosch, Chief Financial Officer, University of Alaska*

11:45 - 1:00 p.m. **Luncheon with Speaker** – *President Harlan M. Sands* of Cleveland State University, who will speak about how CSU is navigating through challenges and opportunities in the sector, particularly given pressured demographics.

1:15 - 2:30 p.m. **Best Practices and Lessons Learned in Privatized Student Housing: What Should Analysts Know?**

Decades into the privatized student housing boom, investors have experienced many successful projects, as well as a number that have run into trouble filling beds, or have failed, sometimes quickly. Panelists include a student housing developer and a national market analysis firm with extensive experience related to student housing. Our panelists will provide analysts with insights into their decision to pursue a project or not and their opinion of key factors analysts should consider when assessing the project, through a discussion of lessons learned through their experiences. The panel will examine market feasibility studies, successful marketing and pricing strategies, as well as project management considerations, such as university management vs. developer management, and the importance and methods for keeping a project attractive to students (and bond investors) as it ages. Panel members will also provide their views on the future of the sector over the next ten years, given challenging demographic projections, along with insights into relative value in this sector.

Moderator: *Mark Gannon, Executive Director, JP Morgan Asset Management*  
Panelists: *Jennifer Jones, Senior Vice President – Transactions, American Campus Communities; Kim Wright, Senior Project Manager, Brailsford & Dunlavey; Isaac Fine, Research Analyst, Fidelity Investments*

2:45 - 3:00 p.m.

**Break**

3:00 - 4:00 p.m.

**Higher Ed Analyst Toolkit Part I: Early Indicators of Credit Trouble**

Higher Ed analysts have plenty of these credits in their portfolio: BBB or low A category, venerable and largely stable institutions that financial and market position metrics now show to be tipping into a slow decline. Given alarming demographic forecasts, there is increasing attention on these names and some spreads have widened. Analysts must determine if a name retains value or if it is wise to exit now before spreads widen further as the credit slides towards sub-investment grade. What red flags should analysts look for when considering a credit's resiliency? Topics we will consider include rising discount rates, size, the institution's specific niche, regional demographics, endowments and fundraising, curriculum, management, and physical plant.

Moderator: *Michael Slade, Senior Vice President, UMB Bank*

Panelists: *Christopher Good, Director, Global Investment Banking, RBC Capital Markets; Jeff Bethke, CFO, DePaul University*

4:00 - 4:15 p.m.

**Break**

4:15 - 5:30 p.m.

**Higher Ed Analyst Toolkit Part II: High Yield and Distress**

Higher Ed analysts face an increasing number of "problem child" credits that have fallen into distress. Lawyers and trustees are involved, and analysts may face covenant violations, downgrades, liquidity issues, while even bankruptcy, workout, or a takeover/merger are possible. What do analysts need to know? What covenants are important and how are they best used? Who are the key players in workouts? How should analysts handle communication with the issuer? This panel will include industry professionals who have experienced these situations and will examine bondholder strategies to drive higher recoveries during distress.

Moderator: *William C. Rhodes, Ballard Spahr*

Panelists: *Gil Hernandez, Wells Fargo Corporate Trust; Margot Kleinman, Managing Director, Senior Research Analyst, Nuveen Municipals; Thomas Longino, Esq., Longino Public Finance, LLC.*

5:30 - 6:30 p.m.

**Cocktail Reception**

Friday January 24

**7:30 - 8:00 a.m. Continental Breakfast**

**8:00 - 9:15 a.m. Sticker Shock: Tuition Pricing and Discounting in a Buyer's Market**

This panel will provide real-world examples of how universities are setting tuition policies, highlighting unexpected risks and pitfalls. Growth in tuition and tuition discount rates appear unsustainable for many institutions, making the industry increasingly competitive and forcing new scrutiny on outcomes. We'll look at various tuition strategies implemented across institutions and explore the intended and actual outcomes. We'll also cover lessons learned from an institution's substantial tuition reset, how to avoid the 'race to the bottom' of increasing discount rates and weigh the risks and rewards of a debt-free and tuition-free approach.

Moderator: *Emily Wadhvani, Higher Education Director and Sector Lead, Fitch Ratings*

Panelists: *Stefano Falconi, Managing Director, Berkeley Research Group; Dr. Ty Buckman, Provost, Mary Baldwin University in Virginia; David Punt, CFO, William Jessup University*

**9:15 - 9:30 a.m. Break**

**9:30 - 10:45 a.m. Small Liberal Arts Colleges – Can They Survive?**

In “Crisis in Higher Education”, authors Jeffrey R. Docking and Carman C. Curton note that from 2005 to 2015 more than thirty institutions had shut their doors. What are SLAC's doing to avoid being the next one? This panel will explore the future given enrollment challenges from a variety of demographic trends: decline in high school students; unsustainably high costs; competition with lower priced community colleges and in-state public schools; and a student loan crisis. The panel will review recruitment and retention strategies (what works and what doesn't work) with an issuer, hear from an author and college president on “A Plan to save small Liberal Arts Colleges,” and finally, from an investment banker who will provide an update on credit trends, bond pricing/relative value and banking relationships.

Moderator: *Kyle Stewart, Vice President, Senior Portfolio Manager/Investment Analyst, Federated Investors*

Panelists: *Debra Martin, Vice President, Administration & Finance, Mount St. Mary's University; Dr. Jeffrey R. Docking, President, Adrian College; Pete Vujasin, Director, Global Banking & Markets, BAML*

**10:45 -11:00a.m. Break**

11:00 a.m.-12:15 p.m. **Online Programming - The Great Reshaping of the University?**

Advocates have long embraced technology as the silver bullet that would revolutionize higher education, promising solutions to the affordability, access, and student outcome issues at the forefront of today's national discourse. Decades after their first introduction, online post-secondary offerings continue to expand at an accelerating pace as institutions look for ways to bend the cost curve and grow enrollment. Is it working? Has online programming truly transformed the value proposition? What questions should investors ask issuers to evaluate the viability of existing and planned online programs? This session will consider changes in the online education landscape over the past decade; how it has delivered on cost, access, and student outcome promises; how institutions are competing in an increasingly crowded market; whether this success, or lack thereof, creates potential policy issues; and, the future direction and impact of online learning on the traditional university.

Moderator: *Shari Sikes, Vice President, Senior Municipal Analyst, First Trust*

Panelists: *Dr. Nelson Baker, Ph.D., Dean of Professional Education, Georgia Institute of Technology; Richard Garrett, Chief Research Officer, Eduventures and The National Research Center for College and University Admissions*

12:15 - 12:30 p.m. **Closing Remarks** - *John Ceffalio, Vice President, AllianceBernstein, Advanced Seminar Chair*

12:30 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**

*Mark Capell, Managing Vice President, Build America Mutual*

**ADVANCED SEMINAR CO-CHAIRS**

*John Ceffalio, Vice President, AllianceBernstein*

*Rachel Barkley, Senior Vice President, Loop Capital Markets*

**CONTENT CHAIR**

*Jessica Wood, Senior Director and Sector Leader, Higher Education, S&P Global Ratings*

## **REGISTRATION**

Registration for the seminar is \$550 for members of the NFMA and its Constituent Societies, and \$650 for nonmembers, 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](mailto:lgood@nfma.org). Registration is online only at [www.nfma.org](http://www.nfma.org). The deadline for registration is January 8, 2020. Cancellations will be accepted through January 8, 2020; a \$50 processing fee will be applied regardless of the reason for cancellation. Beginning January 9, 2020, 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 site for the seminar is the Omni Los Angeles Hotel at California Plaza, 251 South Olive Street, Los Angeles California 90012. The group rate of \$279 is available by calling 1-800-THE-OMNI and identifying yourself as part of the NFMA meeting, or by going to the online reservation link, Reserve at the Omni. The room block will close on January 6, 2020. Please review check-in, check-out, and early departure communications with the hotel.

## **ATTIRE**

Business casual is acceptable for the seminar.

## **TRANSPORTATION**

Los Angeles International Airport is 18 miles/30 minutes away Burbank Airport is 15 miles/30 minutes away. According to the hotel website, options from the Los Angeles Airport include taxi service, approximately \$46 per way, and Fly Away Shuttle Service to Union Station, approximately \$16 per person (one way). Options from Burbank/Glendale/Pasadena Airport include Taxi Service, approximately \$50 each way, and shuttle, approximately \$23 per person one way.

Omni Los Angeles Hotel is located at 251 South Olive Street, Los Angeles, California 90012 (between 1st Street and 4th Street) on Bunker Hill in downtown Los Angeles. If you are traveling with a GPS or via a ride-sharing service, we recommend entering the hotel's entire address rather than simply entering "Omni Los Angeles Hotel."

## **WHOVA**

The NFMA uses a conference app, Whova, to post all presentation materials. Whova also includes information on sessions, speaker biographies, and registration lists. The NFMA will make announcements via the app, and will conduct a survey at the end of the seminar. The app is free, and instructions for downloading and accessing Whova will be sent with the confirmation of registration.

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