

# The 2015 CSMA Conference in Napa

Silverado Resort & Spa  
1600 Atlas Peak Road, Napa CA  
November 4-6, 2015

## PRELIMINARY AGENDA

### WEDNESDAY, November 4

5:30 pm *Opening cocktail reception*

### THURSDAY, November 5

7:30-8:00 am *Continental Breakfast*

8:00-8:15 am *Welcome & Opening Remarks*  
*Renee Dougherty, CSMA Chair, Charles Schwab Investment Management*

8:15-9:00 am *Keynote Address: California Treasurer John Chiang*

9:00-10:15 am *When Disaster Strikes*

Disaster response and recovery – such as what followed the recent Napa earthquake – includes the immediate and reliable provision of power, water, sewer, transportation, and command and control infrastructure. Since these services and facilities comprise the essence of municipal bond finance, an understanding of how the various levels of government manage disaster response and recovery as it relates to municipal infrastructure and basic services is a key component of credit analysis. This panel will discuss FEMA’s first steps toward restoring infrastructure following a natural disaster and Napa’s recent efforts to respond and recover from the recent earthquake.

Moderator: *Mark Capell, BAM*

Panelists: *Bob Fenton, Regional Administrator, FEMA; Mike Parness, City Manager, City of Napa*

10:15-10:30 am *Break*

10:30-11:45 am *Public Pensions & OPEBs – Insights from the Field*

Pensions continue to weigh on credits and something we need to pay close attention to. New GASB rules that are being implemented will put that liability on issuer balance sheets. To some, this will be an “in your face” reality when evaluating risk. Experts in the fields of governmental accounting and pension reform will provide us with their unique views on pensions, offering their insights from their activities in their field of study.

Moderator: *Michael Ginestro, Bel Air Investment Advisors*

Panelists: *David E. Sundstrom, Auditor-Controller, Sonoma County and GASB Board member; Pete Constant, Senior Fellow, Reason Foundation and Former San Jose City Councilmember; Karol Denniston, Partner, Squire Patton Boggs*

11:45-12:45 pm ***Luncheon & CSMA Business Meeting***

1:45-2:55 pm ***Urban Economic Revival in California***

Macro demographic, economic and societal trends appear to be improving the prospects for California cities, but not all will benefit to the same degree. What are the underlying conditions and local government and private sector actions associated with cities such as San Diego and San Francisco whose economic fortunes are improving? Given the dissolution of redevelopment agencies, how do cities attract private investment and employers to help revitalize older cities? Would a continuing drought affect the mix of urban versus suburban/exurban development?

Moderator: *Karen Ribble, Fitch Ratings*

Panelists: *Libby Seifel, Founder, Seifel Consulting (invited)*

2:55-3:10 pm ***Break***

3:10-4:20 pm ***How Will the Prestigious Napa Valley Wine Industry Endure Another Year of Drought?***

The drought's impact on California's massive economy has been minimal, but does that stand true for Napa Valley? Learn how local stakeholders are managing through the drought, the status of current water supply and how the obscure structure of water rights determine the winners and losers. Are there lessons to be learned that can be applied to other regions in California?

Moderator: *Alexandra Cimmiyotti, Moody's Investors Service*

Panelists: *Bill Coyle, Deputy Director for Statewide Emergency Preparedness & Security, California Dept. of Water Resources; David Graves, Co-Owner, Saintsbury Winery; Phillip Miller, Deputy Director of Public Works, Napa County Flood Control & Water Resources*

4:20-5:00 pm ***Update on California Legislative & Legal Issues***

Moderator: *Kurt Van Kuller, MUFJ Union Bank*

Speaker: *Dan Carrigg, Legislative Director, League of California Cities*

6:15 pm ***Depart for dinner at Pine Ridge Vineyards (bus transportation provided)***  
*Catered by Cindy Pawlcyn's Backstreet Kitchen*

## **FRIDAY, November 6**

### **California Lease Financing: A New Look at an Old Tool** **A joint presentation by CSMA & CDIAC**

A financing lease provides a public agency with an alternative to issuing bonds to finance capital assets over a multi-year period. When utilized in connection with the sale of municipal securities the central part of the transaction is a "site and facility lease". The high profile Chapter 9 bankruptcy of Stockton, California posed many complex questions about lease financing in the state. Because the court did not rule on many of these questions, they continue to pose a risk to issuers and investors. The first session considers the structure of tax-exempt lease financing and asset transfer financing, uses and benefits, and the nature of the security. The second session considers the implications of Stockton and the uncertainty that may remain with respect to the nature of a lease in Chapter 9.

8:15-8:45 am ***Continental Breakfast***

8:45-9:00 am ***Welcome & Opening Remarks***

*Mark Campbell, Executive Director, California Debt & Investment Advisory Commission*  
*Renee Dougherty, Charles Schwab Investment Management*

9:00-10:15 am

***Principles of Lease Financing in California***

Speakers will discuss how California public agencies have historically used leases to finance improvements. Attention will be given to the structure of these arrangements, the parties involved, the legal basis for leases, and, where securities are sold, the underwriting process. Specific topics to be discussed include:

- What is a lease and why is it not considered debt?
- What are the required elements of a lease?
- What is the difference between a construction lease and an asset transfer lease?
- What are the requirements pertaining to competitive bidding and disposition of property? Lease substitution?
- What is the difference between an appropriation lease and a non-appropriation lease?
- Interest rates, lease term, and variable rate leases

Panelists: *Bob Williams, Managing Director, RBC Capital Markets; Misty Newland, Director, Standard & Poor's; Justin Cooper, Partner, Orrick, Herrington & Sutcliffe LLP*

10:15-10:30 am

***Break***

10:30-11:45 am

***Marketing & Selling Leases in a Post-Stockton World***

The Stockton bankruptcy shattered many long-held assumptions regarding the credit quality of lease financing. At one point in the process, the city claimed that the lease agreement was just a lease and not a financing. The risk of bankruptcy has changed the way leases are underwritten and analyzed. This session will address the following topics:

- How did Stockton affect investors' views of general fund lease debt?
- How is the risk represented in the bond documents?
- Has the underwriting process changed in response to Stockton?
  - COPs vs lease-revenue bonds (Marks-Roos JPFA Act)
  - Essential vs. nonessential assets
  - Master leases and double-barrel pledges
  - Credit analysis, ratings and bond insurance
  - Insurance Requirements (Property Casualty, Title and Rental Interruption)
  - Capitalized Interest and Debt Service Reserve requirements

Panelists: *Eric Hoffman, Sr. Vice President, Moody's Investor's Services; Dave Sanchez, Counsel, Sidley Austin LLP; Jennifer Johnston, Vice President & Research Analyst, Franklin Templeton Investments & NFMA Chair; Bob Williams, Managing Director, RBC Capital Markets*

11:45 am *Closing Comments & Adjournment*

**THANK YOU to our Event Sponsors who are making this conference possible:**

**\*\* DIAMOND SPONSORS \*\***

*Build America Mutual*

*National Public Finance Guarantee*

*Assured Guaranty*

**\*\* SILVER SPONSOR \*\***

*Fitch Ratings*

## REGISTRATION

\$400 Members of the California Society of Municipal Analysts (CSMA)  
\$450 Non-CSMA members

The registration fee includes the Wednesday cocktail reception, all breakfasts, and Thursday lunch and dinner. **Registration is online only at [nfma.org](http://nfma.org).** No checks accepted. REGISTRATION IS LIMITED.

## CANCELLATIONS

Prior to September 21:	Full refund
September 21 – October 3:	Refund equal to 50% of the registration fee
October 4 or later:	No refunds

## HOTEL RESERVATIONS

CSMA has reserved a room block at the Silverado Resort & Spa. The ROOM BLOCK IS LIMITED and will close on or prior to Friday, October 9, 2015. Rates:

Resort Guestroom:	\$189/night
Junior Suite:	\$239/night
One Bedroom Suite:	\$299/night

Room reservations may be made at:

[https://resweb.passkey.com/Resweb.do?mode=welcome\\_ei\\_new&eventID=13859342](https://resweb.passkey.com/Resweb.do?mode=welcome_ei_new&eventID=13859342)

Or by calling Silverado Resort & Spa Group Reservations at:

Reservations Toll Free: (800) 532-0500  
Reservations Local Phone: (707) 257-0200

## TRANSPORTATION

Shuttle service is available from San Francisco International Airport and Oakland International Airport to Silverado Resort through Evans Transportation. Cost is \$45 per person, cash only (see [evanstransportation.com](http://evanstransportation.com) for shuttle schedule or call 1-707-255-1559.)

Questions? Please contact Renee Dougherty, CSMA Chair, at [renee.dougherty@schwab.com](mailto:renee.dougherty@schwab.com).

## **2015 CSMA Board Members:**

Chair	Renee Dougherty, Charles Schwab Investment Management
Vice Chair	Mark Capell, Build America Mutual
Secretary/Treasurer	Michael Ginestro, Bel Air Investment Advisors
Senior Program Chair	Karen Ribble, Fitch Ratings
Program Chair	Robin Fisher, Franklin Templeton Investments
At Large Member	Jason Pollack, National Public Finance Guarantee
Immediate Past Chair	Gabriel Petek, Standard & Poor's