The Education Committee of the
National Federation of Municipal Analysts

ADVANCED SEMINAR
ON
LOCAL GOVERNMENTS IN CRISIS

January 26 - 27, 2017
Little America
Salt Lake City, Utah

Thursday, January 26

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

8:00 – 8:15 a.m. Opening Remarks – Ty Schoback, Columbia Threadneedle Investments, Advanced Seminar Chairperson

8:15 – 9:30 a.m. Economic Reinvention
The so-called Rust Belt, stretching across the Northeast and Midwest, is characterized by industrial decay and population loss. However, certain cities have managed to find a foothold to not only survive, but actually upend these regional trends. Detroit and Pittsburgh provide two prime examples of cities that were sorely dependent upon a single industry, but are now in varying stages of economic diversification and re-invention, and even on the forefront of new technology. This panel will discuss not only the Cities’ individual trajectories, but will also take a broader view of macroeconomic forces contributing to decay and reinvention, and how to apply lessons learned thus far.

Moderator: Lindsay Wilhelm, Senior Vice President, Raymond James
Panelists: Jed Howbert, Executive Director, Mayoral Jobs & Economy Team, City of Detroit; Kevin Acklin, Chief of Staff & Chief Development Officer, City of Pittsburgh; Susan Longworth, Senior Business Economist, Federal Reserve Bank of Chicago

9:30 – 9:45 a.m. Break
9:45 – 11:00 a.m. School Districts in Distress: Do Political Boundaries Hold Up Under Pressure?
The relationship between states and their school districts is evolving. Spurred by increased competition from charters, pressure from pensions and volatile property values, some states have taken an active role in stabilizing stressed districts. In other cases, contagion from political gridlock, stretched state budgets and the state policies promoting school choice have exacerbated credit pressure at the local level. Join market participants for a discussion of the blurring boundaries between state and school district credit.

Moderator: Amy Jeffries, Vice President, Morgan Stanley
Panelists: John Sugden, Senior Director/Analytical Manager, S&P Global Ratings; Dean Kaplan, Managing Director, PFM (tentative); Gaurav Malhotra, US Restructuring Leader, Ernst & Young

11:00 – 11:15 a.m. Break

11:15 a.m. – 12:30 p.m. Tale of Two Cities
Scranton, Pennsylvania powered the American industrial revolution with coal, iron, rail and steel, and is now seeking to reinvent its economy as a services and advanced manufacturing center. Compton, California is known as “Hub City” due to its proximity to multiple major interstates and the Port of Long Beach and as home to the Hall of Fame rap group N.W.A. Each has teetered on the verge of insolvency and contemplated a Chapter 9 filing. What are their leaders and advisors doing to restore financial balance, maintain city services, meet obligations to retirees, pay down debt and improve their economies? How are these cities dealing with their unions, pension funding, and unmet capital needs? Do state intervention programs help or hurt? And where does each expect to be in a year, five years, and ten years from today?

Moderator: Joan Allman, Senior High Yield Municipal Evaluator, Bloomberg
Panelists: Dave Bulzoni, Business Administrator, City of Scranton; Henry Amoroso, Executive Director, HJA Strategies; Craig Walker, Vice President, IFS Securities

12:30 – 1:45 p.m. Luncheon with Speaker - Stephen J. Spencer
The world of government restructuring wherein cities, counties or territories attempt to restructure debt obligations through comprehensive debt adjustment schemes is still a new phenomenon. To date few government entities have filed for bankruptcy protection but financial pressures across a broad swath of the municipal spectrum continue to mount. The reality of mounting fiscal stress requires municipal credit analysts to develop new ways to assess bankruptcy risk and new strategies for protecting investments caught up in municipal bankruptcy. Before the U.S. Congress Stephen J. Spencer has criticized the existing Chapter 9 restructuring framework as deficient and lacking in fundamental creditor protections. Mr. Spencer also played an active role in helping to negotiate and draft
the fiscal restructuring requirements under Title II of PROMESA, the new restructuring framework for the Commonwealth of Puerto Rico. From his direct experience as an advisor to key creditors in Detroit, San Bernardino, Puerto Rico and other municipal restructurings Mr. Spencer will share lessons learned. More specifically Mr. Spencer will discuss what every investor should understand from these experiences and how the municipal investment community as a whole should organize to ensure more balanced, sustainable and fiscally responsible government restructuring outcomes. Of particular interest to attendees Mr. Spencer will speak about the political drivers at the root cause of municipal distress and how politics, rather than fiscal or economic realities is the critical factor that constrains and shapes the universe of restructuring possibilities.

Stephen Spencer is a Managing Director in Houlihan Lokey’s Financial Restructuring Group. He is an expert in corporate and government restructuring and is based in the firm's Minneapolis office.

2:00 – 3:15 p.m.  
**Managing the "Divides"**

More and more often, the challenges facing municipal managers are how they manage the diverse needs of their population; seemingly becoming more polarized with the divides of age, wealth, and location. The service delivery dichotomies between seniors and millennials, the 1% and those in poverty, and urban versus rural color every decision. Those who address the pressures with clear vision typically have greater credit quality, but sometimes vision is not enough. On this panel, we'll hear from an economist, a policy advocate, and a municipal manager.

**Moderator:** Geoffrey Buswick, Managing Director, S&P Global Ratings  
**Panelists:** Kil Huh, Senior Director, State and Local Fiscal Health, Pew Charitable Trusts; Kenneth L. Rust, Chief Financial Officer & Director, City of Portland, Oregon; Alan Ehrenhalt, Senior Editor, Governing Magazine

3:15 – 3:30 p.m.  
**Break**

3:30 – 4:45 p.m.  

The Detroit, Stockton, San Bernardino and Jefferson County bankruptcy cases have clearly ushered in a new era for municipal underwriting, disclosure, ratings and market expectations. As a result, some states are amending their municipal finance acts to add or clarify lien protections for investors. Issuers, purchasers and rating agencies are likewise applying greater emphasis and scrutiny to the finer details of the pledges, liens and other structural features of issuances as they come to market. Who or what is “driving the bus” behind the changes and will the changes become a permanent feature of the market? This panel will explore in depth the alternative legal structures for bond security in the context of the current municipal market.

**Moderator:** Robert Christmas, Partner, Nixon Peabody LLP
Panelists: Greg Lipitz, Vice President, Senior Credit Officer, Moody’s Investor Service; Jane Ridley, Senior Director and Sector Lead, Local Government Group, S&P Global Ratings; Amy Laskey, Managing Director, Fitch Ratings

5:00 – 6:00 p.m. Cocktail Reception

Friday, January 27

7:30 – 8:00 a.m. Continental Breakfast

8:00 – 9:15 a.m. Stakeholder Risks in the Restructuring Process
When a governmental entity falls into fiscal distress, the dynamics various competing stakeholders remains incredibly complicated. No two situations are exactly alike and without a clear roadmap, resolutions hold the potential to be greatly influenced by the need to balance these competing interests. Whether it is a higher level of government or conflicting incentives, these factors are difficult for analysts to weigh. Panelists will share their experience on the topic and how these issues impacted the outcome for creditors and other stakeholders.

Moderator: Molly Shellhorn, Vice President/Senior Research Analyst, Nuveen
Panelists: Kent Hiteshew, Director of the Office of State and Local Finance, U.S. Department of Treasury (PROMESA); Karol Denniston, Partner, Squire Patton Boggs; J. Soren Reynertson, Managing Director, GLC Advisors & Co., LLC

9:15 – 9:30 a.m. Break

9:30 – 10:45 a.m. Assessing Pension Costs and Affordability
The session will review the NFMA Pension Survey (to be sent out ahead of the seminar) results, particularly which metrics analysts are now using to evaluate pension liabilities, and how changing standards are impacting their view. More broadly, the discussion will focus on how credit analysts should weigh growing fixed costs attributed to pensions. Factors to consider include the crowding out of services and tax base affordability against a backdrop of political willingness and economic impact. At what point do pension costs become unsustainable and threaten fiscal insolvency?

Moderator: Joseph Gankiewicz; Vice President, BlackRock
Panelists: Brian Septon, The Terry Group; Therese McGuire, Ph.D., Senior Associate Dean, Kellogg School of Management, Northwestern University; Matt Fabian, Partner, Municipal Market Analytics

10:45 – 11:00 a.m. Break
11:00 a.m. –
12:15 p.m.  Case in Point: City of Chicago
The City of Chicago continues to be one of the most hotly debated local
governments generating a diverse range of opinions and credit ratings. It is clearly
impacted by many of the topics addressed in the Advanced Seminar and offers a
current example of a challenged credit. Despite a robust economy and many
difficult decisions, the path forward remains uncertain. The panelists will discuss
their view of the credit and its trajectory.

Moderator: Jennifer Johnston, Vice President/Analyst, Franklin Templeton
Panelists: John Miller Managing Director, Co-Head of Fixed Income, Nuveen;
Carole Brown, CFO, City of Chicago; Thomas McLoughlin, Co-Head of the CIO
Fundamental Research Team, UBS Financial Services

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
Scott Andreson, Seix Investment Advisors

ADVANCED SEMINAR CO-CHAIRS
Ty Schoback, Columbia Threadneedle Investments
Renee Dougherty, Charles Schwab Investment Management

REGISTRATION
Registration for the seminar is $450 for full members of the NFMA and its Constituent Societies and $550
for non-members, which includes the pre-seminar (if included in registration), 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 January
13, 2017. Cancellations will be accepted through January 13, 2017; a $50 processing fee will be applied
regardless of the reason for cancellation. Beginning January 13, 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 Little America, 500 South Main Street, Salt Lake City, Utah
84101, for registrants at the group rate of $209/night. Please call 1-800-437-5288 and identify yourself as
a participant in the National Federation of Municipal Analysts Advanced Seminar to receive the group
rate. Check-in is at 3:00 p.m., and check-out is at Noon. Please see your hotel confirmation for more information on early/late checkout, deposits and cancellations. The room block closes on Wednesday, January 4. The room block is limited; please reserve early.

ATTIRE

Business casual is acceptable for the seminar.

TRANSPORTATION

Little America is located just 10 minutes from the Salt Lake International Airport. The hotel’s preferred transportation company is City Creek Limousine which has many transportation options. Please visit their website to reserve your transportation by clicking here. Taxi service from the Salt Lake City International Airport to Little America is approximately $20, not including gratuity. If you have any questions about transportation options, please contact the hotel concierge at 1-801-596-5799.
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