



# FALL 2011 WEBINARS

As part of its continuing education program, CDIAC will begin offering training webinars to provide information on municipal debt and public investments. In addition, CDIAC plans to use the webinar format to provide exposure to current topics in municipal finance. These webinars are not intended to replace CDIAC's classroom training programs, but are designed to supplement CDIAC's core education seminars or drill down on the technical aspects of tools and practices used by local agencies. The sessions are open to all interested parties.

CDIAC plans to launch its webinar training program in Fall 2011, beginning with the following sessions:

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## Bond Math Part 1: Anatomy of Bonds

SEPTEMBER 30, 2011, 10AM-11:15AM PT

Government agencies may decide to finance infrastructure projects using the pay-as-you-go method or through the issuance of debt. Knowledge of bond math gives officials an understanding of alternative bond structures. In addition, the webinar will help issuers understand their future debt service costs as well as the output of the many pages of debt service "runs" that agencies receive from their financing team. This webinar will discuss:

- Components of a bond sizing
- Debt service amortization
- Gross and net debt service
- Basic bond structures
- Principal, interest, coupons and yields
- Bond statistics (True interest costs, all-in true interest cost and arbitrage yield)

WEBINAR COORDINATOR: CDIAC

SPEAKERS: Michelle Issa, *Senior Managing Director, PRAG*; Louis Choi, *Senior Managing Director, PRAG*

COST: \$25.00

## Bond Math Part 2: The Economics of Bonds

OCTOBER 7, 2011, 10AM-11:15AM PT

Bond prices move inversely to interest rates. So as interest rates rise, the value of the asset falls. Understanding how to evaluate the value of a bond at any point in time, given interest rate, market activity, and other economic variables, is fundamental to managing a debt program. This webinar session includes a discussion of several concepts related to the economics of bond pricing including:

- Yield curve dynamics
- Time value of money
- Price and yield
- Accrued interest and bond redemption principles
- Callable bonds and Capital Appreciation Bonds
- Bond yield and pricing calculations

WEBINAR COORDINATOR: CDIAC

SPEAKER: Ken Fullerton, *Managing Director, PFM*

COST: \$25.00

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## Not Concerned About Arbitrage Rebate? Not So Fast

NOVEMBER 8, 2011, 10AM-11:15AM PT

With respect to municipal bonds, arbitrage is the profit made by investing tax-exempt bond proceeds in taxable securities. The Internal Revenue Code strictly limits the opportunity for issuers of tax-exempt debt to keep the earnings generated by taxable investments that exceed the yield on the bonds. However, the tax code provides certain exceptions. This instructional webinar session provides a discussion of:

- Arbitrage Math Concepts – How you can possibly owe a rebate payment in this interest rate environment.

- IRS Audit Hot Buttons
- Documentation and SEC Disclosure – What to keep in the event of an audit and what to send to EMMA.

WEBINAR COORDINATOR: CDIAC

SPEAKERS: Anne Pelej, *Senior Vice President of Compliance, Willdan Financial Services*; Carol L. Lew, *Shareholder, Stradling Yocca Carlson and Rauth*

COST: \$25.00

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## Swaps Math: What Are Your Swaps Worth?

NOVEMBER 30, 2011, 10AM-11:15AM PT

Interest rate swaps are financial tools used by many local government agencies to manage interest rate risk. The swap market at times provides issuers the opportunity to lower their cost of financing versus traditional alternatives in the bond market. Swaps remain an important tool in managing an issuer's debt service obligations and exposure to interest rate risk. For many, swap pricing is often viewed as a "black box." This webinar is intended to provide an understanding of swap math and includes:

- Information on the swap market
- Valuation methodologies
- Swap dealers' pricing conventions
- Formulas and examples of pricing
- Review of variables affecting market prices

WEBINAR COORDINATOR: CDIAC

SPEAKERS: Nathaniel Singer, *Managing Director, Swap Financial Group*; Eric Chu, *Managing Director, BLX Group*

COST: \$25.00

RECOMMENDED READING: CDIAC's *Understanding Interest Rate Swap Math and Pricing*-January 2007 [CDIAC #06-11] is available online at: [www.treasurer.ca.gov/cdiac/seminars.asp](http://www.treasurer.ca.gov/cdiac/seminars.asp).