

## State offers new training to school investment managers

**By Tom Chorneau**

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A close look at the trends in local government debt issued over the past twenty years uncovered an interesting fact – school districts have emerged the dominate issuer of local government general obligation bonds in the state.

Officials at the California Debt & Investment Advisory Commission, who conducted the debt analysis, were surprised to see how big a player schools had become and also a little concerned – especially after the historic financial crisis that hit markets this fall.

From 1985 to 1989, schools issued \$425 million in GO debt, which represented less than a quarter of the volume among local government agencies. Today, schools account for 88 percent of all GO bonds issued among local government agencies with the value growing to more than \$36 billion between 2000 and 2005.

“What really shocked us was the volume of the change,” said John Decker, executive director of CDIAC, whose organization serves as a primary source of education and technical assistance to local government finance directors.

He said they also looked at how few school investment administrators were attending the CDIAC classes and wondered if schools were getting all the support they might need.

“We were also looking at who was coming to our seminars and found that school officials including community colleges accounted for only about 6 percent of our enrollees but they were issuing about a third of the debt,” he said. “We wondered where they were getting their education.”

Toward that end, CDIAC is putting on a seminar later this month aimed at giving public investment managers some fundamental training in overseeing their agency portfolio.

Starting with details about the legal and fiduciary obligations, enrollees will also be exposed to ethical considerations and discussions about “the prudent person rule” and personal liabilities facing public investment officials and their legal roles.

The seminar will be held at the Pasadena Hilton, November 20-21.

Discussion will also focus on permitted investment instruments; methods for evaluating risks; and portfolio structuring. Cash-flow management; roles and responsibilities of investment advisors will also be included.

The agency is also planning a seminar in February especially for school investment managers that will be held in Ontario.

For more information about the seminars and CDIAC visit:

<http://www.treasurer.ca.gov/cdiac/index.asp>