Professor Kevin M. Bronner, Ph.D.       Course Sessions
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Course Objective: The course objective is to develop each student's understanding of public finance and market concepts as they relate to government. The skills acquired by all students will allow them to understand the development of financial management concepts used by governments. Students must understand concepts related to macro-economic principles as they affect the credit markets. Also, they must be able to completely understand the micro-aspects of bond and other types of financings.

Course Details: A key portion of the class will relate to quantification of financial transactions. Students must understand the cash flows of debt transactions and how the cash flows are presented as bond prices in the securities markets. The course will follow the training program used by the Chartered Financial Analyst (CFA) Program. Excel models will be used in the class to demonstrate the cost of items such as municipal bonds, derivative transactions such as interest rate swap arrangements, and other transactions. The transactions will be explored in class using a financial lab setting. The labs are the basis for the two required examinations. The course will use a financial management text published by the Chartered Financial Analysts group. Numerous other finance related documents and websites will also be used in the class. Bond Offering Statements from Albany County, New York, and the Town of Colonie, New York will be used in the class.

Students must establish an understanding of the events in the credit markets during the term of the course. This will include an understanding of the actions of the Federal Reserve System, including the critical quantitative easing program being conducted in 2014. Students are also expected to monitor weekly changes in interest rates and other key events such as weekly U.S. Treasury auctions and their effect on the financial markets.
The course will also include an in-class discussion and review of academic journal articles from sources such as *Public Budgeting and Finance*, and the *Journal of Public Budgeting, Accounting and Financial Management*. A number of Wall Street related documents will also be used in the class.

Additional readings and quantitative issues may be required during the course at the instructor's discretion. The instructor reserves the right to modify the course topic schedule in keeping with the pace of the class. However, regardless of any changes made by the instructor in the schedule of topics, all reading and written assignments will be due on the dates indicated on this syllabus unless otherwise indicated in writing from the instructor. Written assignments classified as late will be penalized with the top grade being earned to be no higher than a B+.

**Grading:** Test #1 (30%), Test #2 (40%), four homework assignments(20%), class discussions (10%). Students are expected to attend all class sessions and to contribute to class discussions. Students are expected to regularly make an informed and productive contribution to class discussions. Your participation should demonstrate a critical understanding of all assigned readings. Tests #1 (March 13, 2014) and #2 (May 8, 2014) will be open book and two hours in length and will focus in on financial management problems using Excel. (With the exception of Excel and the use of a hand held calculator, no other computer programs/devices can be used during the exam).

**Homework assignments** will include quantitative exercises and a class paper which is due on May 1, 2014 and requires the students to develop a not to exceed 20 page paper (double spaced) concerning a municipal bond issuance that you have analyzed from the Municipal Securities Rulemaking Board’s EMMA data base, or the Munistat data base. The 20 page paper plus the financial report must be submitted. Critical analysis must be used in the paper. Additional homework assignments will also be used in the class. Assignments submitted late will be subject to a markdown penalty with the highest grade to be achieved being no higher than a B+. Assignments #1 to #3 are quantitative in nature will be handed out in class one week before they are due. Assignment #4 will be discussed earlier in the class. The schedule of homework assignments is:

**Homework Assignment Schedule:**

#1 March 6: Fabozzi, Chapters 1-3 (5 points).

#2 April 3: Fabozzi, Chapters 4-6 (5 points).

#3 April 17: Fabozzi, Chapters 7-9 (5 points).
May 1: Bond analysis paper (5 points).

Books and Course Materials:


UAlbany Blackboard will have additional documents.

Websites:


Other websites may be used in the class.

COURSE SESSIONS:


#2 Thur. Jan 30: Fabozzi Chapter 1, Features of Debt Securities.

- The Federal Reserve System Purposes & Functions, Chapters 1 to 4.

- Gagnon, Raskin, Remache, Sack. Large-Scale Asset Purchases by the Federal Reserve: Did They Work? Federal Reserve Bank of New York Staff Report No. 44.


#3 Thur. Feb. 6: Fabozzi, Chapter 2, Risks Associated with Investing in Bonds.
- Municipal Securities Rulemaking Board (MSRB) EMMA data base.

- Securities and Exchange Commission Committee on Uniform Securities Identification Procedures (CUSIP) numbers.


- The Securities Industry and Financial Markets Association (SIFMA) Quarterly Report; and New York State Local Finance Law issues.

#5 Thur. Feb. 20: University classes suspended. No class.

#6 Thur. Feb 27: Fabozzi, Chapters 4-5, Understanding Yield Spreads and Valuation of Debt Securities.

#7 Thur. Mar. 6: Fabozzi, Chapter 6, Yield Measures, Spot Rates, and Forward Rates.

#8 Thur. Mar. 13. (Test #1: 2 hours using Excel, 30 percent of grade).

#9 Thur. Mar. 20: University Classes Suspended: No class.

#10 Thur. Mar. 27: Fabozzi, 7, Measurement of Interest Rate Risk

#11 Thur. Apr. 3: Fabozzi, Ch. 8, Term Structure and Volatility of Interest Rates.

#12 Thur. Apr 10: Fabozzi, Ch. 9, Valuing Bonds with Embedded Options.


#13 Thur. Apr. 17: Fabozzi, Chapters 13-14, 22. Interest Rate Derivatives

#14: Thur. Apr 24: Fabozzi, Ch. 15. Credit Analysis Principles.

#15: Thur. May. 1: Fabozzi, Chapters 16-17, Bond Portfolio Management.
Class paper homework assignment due.

#16: Thur. May 8: Exam #2 (40 percent of grade)