Instructor
David Matkin, 306 Milne, (518) 442-5279, dmatkin@albany.edu
Office Hours: Tuesdays, 4:30 to 6:30 p.m. and by appointment

Student Competencies
This course provides students with the foundational skills, vocabulary, and knowledge they need to actively participate in public sector capital financing activities.

By the end of the course, students will be able to:
• Evaluate financial market conditions in order to make informed decisions on capital investment strategies, sizing and structuring municipal bonds, and managing debt portfolios;
• Assess the ability of public organizations to access credit markets, including the affordability of debt obligations and the attractiveness of bond offerings to potential investors;
• Structure a bond sale in a way that recognizes financial market conditions and supports financial and strategic interests of public organizations;
• Balance the benefits and constraints of various debt management practices and policies to improve the accountability and reduce the risks of capital financing to public organizations.

Required Materials
4. The Bloomberg Terminal (available at the University Library on the Uptown Campus)
5. Various materials on the course’s Blackboard website (cited below as Bb).

Suggested Materials
You may not know it from the popular press; but, there are actually a number of great ways to stay informed on the dynamic world of capital financing and management. I have put together a small resource list (e.g., twitter handles, podcasts, blogs, and webinars) on Blackboard. Students will significantly increase their fluency in the capital market domain by regularly accessing these resources.

Prerequisites
PAD 501 is a pre-requisite for this course. With the instructor’s permission, non-MPA students may take the course if they can demonstrate sufficient financial understanding and spreadsheet proficiency to complete assignments.

Technical Skills Required
This course requires the use of Microsoft Excel. Students need to have a basic understanding of the time-value of money.

Evaluation
Recent Bond Market Developments (20 percentage points)
Each student will give a 20- to 30-minute briefing, during class time, that explores recent developments in the municipal bond market. Possible topics are identified below, though students may change their topics with advanced approval from the instructor. The briefing should include a professional handout (1-2 pages). The briefing should include at least five minutes for discussion/questions. Of the 20 percentage points available, eight are based on the quality of your own briefing and twelve are based on the quality of your engagement in other students’ briefings. Students are encouraged to briefly explore the basics of each topic before class, even if they are not leading the briefing.
Information sources for briefings are likely to lean heavily on the financial media (especially The Bond Buyer, The Wall Street Journal, Bloomberg News, The New York Times, Governing Magazine), professional reports from applied research and professional institutions (such as the Urban Institute, the Brookings Institute, The Pew Charitable Trusts, Government Finance Officers Association), and research reports from market participants (like J.P. Morgan, Moody’s Investor Services, Municipal Securities Rulemaking Board).

The instructor-selected topics are listed below. The number of topics is designed to match the number of students enrolled in the course; some adjustment may be necessary if the class composition changes.

2/7 The Municipal Bond Market and Recent Tax Reforms
2/14 PROMESA and the Puerto Rico Debt Crisis
2/21 The Recalibration of Municipal Credit Ratings
2/28 Pension Obligation Bonds
3/7 Private Activity Bonds
3/21 Green Bonds
3/28 Private Placement and the example of Denver, CO
4/25 The Bankruptcy of Jefferson County, AL

Analytical Practice (45 percentage points)
You will have seven opportunities to practice basic analytical tasks in debt financing and management. Each assignment is due one week following the class in which the analysis is taught. The assignments are building blocks for the Case Study and give students the opportunity to demonstrate basic comfort with the analytical tools, vocabulary, and concepts of the class. Some of the assignments require outside data that may not be readily available; students should plan ahead accordingly.

The due dates and topics are listed below. In most cases, the deliverable will be a 1-2 page memorandum. Each assignment is equally weighted. More detailed information is provide on Blackboard.

2/7 The Municipal Bond Market Over the Past 10 Years
2/21 The Affordability of Debt in Detroit, MI
3/7 The Sustainability and Performance of Pension Systems
3/21 Life Cycle Costs
4/18 Calculating Borrowing Costs
4/25 Structure and Sizing of Municipal Bonds
5/2 Assess Debt Management Policies

Case Study (35 percentage points)
Students will work in groups to write a case study (about 15-20 pages) that integrates the various components of the course. Students can use the Stratton County case from Welcome Week as a template. The case study should put a reader in the position to assess complex information and make difficult executive decisions. In order words, to successfully navigate the case, readers should need a set of technical skills and be able to use those skills to inform difficult managerial decisions.

Students should look to the analytical practice assignments as key components of their case. Students may consider adapting their case from real world events. The case study should stand-alone (it should not require any outside data). The case should provide enough specifics and context to make for a rich decision environment; as such, students are encouraged to review Section II in Casey & Mucha and incorporate asset specific conditions into their case.

Grading Scale

A  = 93-100%  B+ = 87-89.99%  C+ = 77-79.99%  D+ = 67-69.99%  E<60%
A- = 90-92.99%  B  = 83-86.99%  C  = 70-76.99%  D  = 63-66.99%
B- = 80-82.99%  C- = 70-72.99%  D- = 60-62.99%

Additional Expectations
- Read and follow the syllabus. You are responsible to meet the course requirements
- Ensure that you can communicate through the UAlbany e-mail system (i.e., you need to get e-mail that is sent to you through Blackboard)

**Course Schedule**

1/24  Review Course Expectations and Resources

1/31  Understanding the Market
- Fischer – 1, 9
- O’Hara – 6, 8
- Suggestion – Explore Fixed-Income Securities on the Bloomberg Terminal

2/7  Muni Market Participants
- Fischer – 10
- O’Hara – 1, 3
- *Briefing:* The Municipal Bond Market and Recent Tax Reforms
- *Analytical Practice:* Market Analysis

2/14  Debt Affordability
- Measuring Debt Capacity (Bb)
- Debt Affordability (Bb)
- Benchmarking and Measuring Debt Capacity (Bb)
- Skim Examples of Debt Affordability Studies (Bb)
- *Briefing:* PROMESA and the Puerto Rico Debt Crisis

2/21  Credit Worthiness
- O’Hara – 7
- The Role of the Rating Agencies (Bb)
- Skim the Guide to Moody’s Municipal Ratings and Rating Process (Bb)
- Skim the Standard & Poor’s U.S. Public Finance Ratings (Bb)
- *Briefing:* Recalibration of Credit Ratings
- *Analytical Practice:* Assess Debt Affordability

2/28  Retirement Obligations
- The ARC and the Covenants (Bb)
- Municipal Bond Reaction to Pension Reform (Bb)
- The Governance of Public Pensions (Bb)
- Skim Examples of Pension System Financial Reports
- *Briefing:* Pension Obligation Bonds

3/7   Capital Planning I
- Casey & Mucha – 1, 2, 3
- Interlocal Collaboration and Capital Budgeting (Bb)
- Finance Officer’s Role in Bond Elections (Bb)
- *Briefing:* Private Activity Bonds
- *Analytical Practice:* Sustainability of Public Pension Systems

3/14  No Class – Spring Break

3/21  Capital Planning II
• Casey & Mucha – 4, 5, 6
• Private Capital, Public Good – (Bb)
• Briefing: Green Bonds
• Analytical Practice: Life Cycle Costs

3/28 Issuing Municipal Bonds - Context
• Fischer – 2, 3, 4, 5
• O’Hara – 2, 4
• Briefing: Private Placement and Denver, CO

4/4 No Class – Work on Case Study

4/11 Structure and Sizing
• Fischer – 6, 7, 8, 11, 12

4/18 Structure and Sizing II
• Maturity Structure and Borrowing Costs (Bb)
• Analytical Practice: Borrowing Cost Calculations

4/25 Policies, Practices and Regulations
• O’Hara - 9
• GFOA best practices (Bb)
• Developing Formal Debt Policies (Bb)
• Managing Debt Capacity (Bb)
• Briefing: Bankruptcy of Jefferson County, AL
• Analytical Practices: Structuring Debt Service

5/2 Debt Management and Risk
• Fischer – 14
• O’Hara – 10
• Strategies for Managing State Debt (Bb)
• Understanding Municipal Derivatives (Bb)
• Analytical Practice: Assess Debt Management Policies

5/9 Case Study Presentation

Class Policies

Americans with Disabilities Act
Students with disabilities needing academic accommodation should:
(1) contact the Disability Resource Center; and
(2) provide the instructor with documentation indicating the need for accommodation and what type. This should be done during the first week of class.

For more information about services available to University at Albany students with disabilities, contact the:
Disability Resource Center, University at Albany, State University of New York
BA 120, 1400 Washington Avenue
Albany, NY 12222
(518) 442-5490 (voice)
Director: cmalloch@albany.edu
http://www.albany.edu/disability/

Academic Honor Policy
The University at Albany’s graduate bulletin provides a detailed description of the University’s expectations for the integrity of students’ academic work, the procedures for resolving alleged violations of those expectations, and the rights and responsibilities of students and faculty members throughout the process. Students are responsible for reading the Standards of Academic Integrity and for living up to those expectations. That information can be found at: http://www.albany.edu/graduatebulletin/requirements_degree.htm#standards_integrity

Class Room Distractions
From my perspective each student has a responsibility for the quality of this class; if you don’t add anything to the course, that is one thing (shame on you), but if you are a distraction and detract from the course, your actions will have a significant and negative affect on your grade. In severe cases, which I don’t expect to see in a graduate course, I reserve the right to remove a disruptive student and/or object (think electronic devices) from our class.

Syllabus Changes
I don’t foresee making any changes to this syllabus—it is what it is; however, events may come up that make it necessary to tweak the schedule (i.e., snow days). I will provide advanced notice of any changes.