

Preparing for Bond Proceeds Investments in a Rising Interest Rate Environment

With interest rates on the rise, a careful and thoughtful approach to the investment of bond proceeds can make a real difference when seeking to generate competitive returns over the life of the bond issue. Investors should evaluate whether actively managing bond proceeds or a one-time portfolio purchase is the best option to suit their needs. When deciding how to invest bond proceeds, investors must consider the following:

- The time horizon and complexity of a project
- Permitted investments
- Cash flow expectations
- Arbitrage rebate implications
- Flow of funds
- Risk tolerance

PFM's asset management business helps bond issuers professionally manage their bond proceeds using strategies that are tailored to their individual needs. At PFM, we do not believe that "one size fits all." Instead, our asset management strategies are customized to each client's permitted investments, cash flows, and other constraints.

Why PFM's Asset Management Business?

We are unaware of any firm with more experience in the specialized field of bond proceeds investment strategies. We have more than two decades of experience managing bond proceeds for public-sector investors, from which

we have gained a deep understanding of their investment guidelines and challenges. As of June 30, 2017, our investment professionals managed \$77.5 billion in discretionary assets, of which about \$10.9 billion include bond funds, construction funds, debt service reserve funds, and debt service funds. Our investment professionals use sophisticated portfolio optimization software and work closely with our fixed-income trading desk to structure and competitively procure portfolios based on expected cash flow needs as well as current and projected market conditions. Our team is an independent investment advisor that is accountable to clients as a fiduciary and acts in their best interest. We believe this independence benefits our clients in many ways.

Our Philosophy

Our investment philosophy focuses on the tenets of safety, liquidity, and competitive returns when managing fixed-income securities for the public-sector. Additionally, we look at bond proceeds investments from a tax planning standpoint, leveraging the expertise of our dedicated Arbitrage and Tax Compliance Group.

Our Process

After considering the project's distinct characteristics, we help clients decide whether an active or passive approach would be most likely to generate the highest net return. If active management is deemed appropriate, we utilize a number of strategies to enhance

the portfolio.

PFM's asset management business has an outstanding track record, an accomplishment we are proud of given the challenges of the past five years. Since inception, we have not lost any of the principal that clients have entrusted to us; in fact, we have helped our clients avoid the losses suffered by many during the recent credit crisis. Working in collaboration with our clients, we are able to structure intelligent strategies that help maximize earnings over the life of a bond issue.

To learn more about investing your bond proceeds, please contact Trish Oppeau directly at 314-619-1792 / oppeaut@pfm.com or Jason Glidden at 816-642-8552 / gliddenj@pfm.com.

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App

- Registration
- Choose sessions and drop them in your calendar
- Map of conference resort
- Conference updates on the fly

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Find us at the Apple App Store and on Google Play.
(Search MASA or Missouri Association of School Administrators.)

Communication Planning Workshops

School districts of all sizes benefit by having a solid communication plan. MASA will provide your district guidance in developing the framework of a plan that will help you address big and small communication and PR issues.

- Delivering your messages
- Comprehensive and project plans
- Evaluating effectiveness

The workshop will help you and your district start the process of building a great communication plan.

There is no charge for the workshop.

Want to host or be part of a session:
Contact David Luther:
david.luther@mcsa.org
(573) 638-4825

MASA Enhances Credit Card Offerings

MASA partners with Missouri-based financial institution, Central Bank, to offer a MASA MasterCard® Commercial Credit Card. The Commercial Credit Card is a commercial, purchasing and fleet card all-in-one, affording your school district flexibility, control and advanced reporting at your fingertips. Enhanced with an embedded EMV chip, the Commercial Credit Card carries added security from counterfeit fraud.



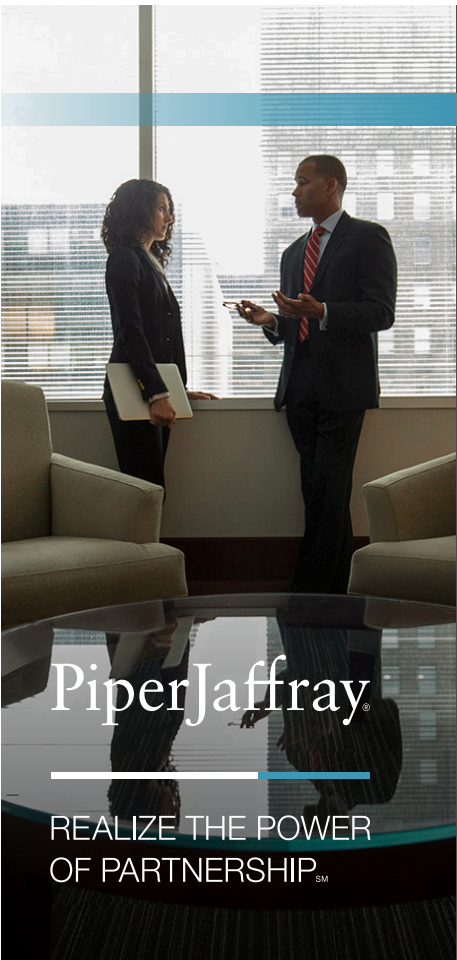
Commercial Credit Cards offer an assigned credit limit with options to add daily or even single transaction dollar restrictions. They can carry a declining balance which is great for faculty and staff with a fixed budget set for the school year. Cards can be assigned to vehicle or bus drivers for fuel and vehicle maintenance expenses. The school district can opt to have the driver be prompted for an odometer reading or vehicle number at the time of transaction, making detailed reporting available down to the vehicle or driver level.

The MASA MasterCard® Commercial Credit Card is intended for school districts requiring 10 or more cards. Central Bank also offers the MASA MasterCard® BusinessCard® enabling corporate card functionality while allowing the school district to apply transaction restrictions and credit limits on a per card basis.

You can work with Central Bank locations around the state to establish an account. Each one of the locations has personnel who can assist your district with setting up a card program for your district. You do not have to work with people in a foreign country or individuals in another state. Central Bank has locations in Jefferson City, Branson, Lake of the Ozarks, Kansas City, Sedalia, Columbia, St. Louis, Moberly, Audrain County, Springfield, and Warrensburg.

For more information, contact Doug Hayter at MASA. Phone: 573-638-4825. Email: doug.hayter@mcsa.org.

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February 2018

MASA/MOSPRA Spring Conference, April 4 - 6

Lead – Develop – Support. These are the main ingredients for why school leaders join MASA. At the 2018 MASA/MOSPRA Spring Conference, April 4-6 at The Lodge of Four Seasons, Lake Ozark, attendees can expect to see leadership on display; they will benefit from the skill development that comes in the form of more than 40 breakout sessions; and they will cultivate their own personal network that provides support in their professional careers.

This year's conference will include sessions on school law, curriculum, leadership, public relations and communications, strategic planning and school finance. There will be special sessions provided by PSRS/PEERS and DESE, important insights into assessment, and sessions on student mental health.


On Wednesday morning there will be a session specifically for "Aspiring Superintendents." MASA encourages superintendents to share information about this session with those in their district they feel have potential in the area of district leadership. (Individuals may attend this session without registering for the conference.)

For those looking to develop their personal and district strategies related to media, check out the pre-conference session "Owning the Media: Creating Messages that Stick; Killing the Interview; and Developing Your Own Media Outlet." This session will benefit school leaders and communication professionals alike.

While taking time to attend break-out sessions is important, the conference also offers one of the rare times where school leaders from across the state can gather to discuss both common issues and challenges that they share. Getting the perspectives of those savvy veterans as well as the fresh insights of the newer superintendents benefits everyone.

As always, there is also time to relax and enjoy some of the fun activities that come with a gathering of professionals. Just as we tell our students -- there's no reason learning can't be fun!

Registration for the conference and the Aspiring Superintendents Session are under the "Conferences & Workshops" tab at www.masaonline.org.

 **Conference Twitter**
#SuPR18

Special MASA/MoASBO Workshop: 2018-19 Budget Development


It's time to start looking at your district's 2018-19 budget. On **March 14 and March 15**, MASA and MoASBO are co-sponsoring a session to assist districts in building a budget for 2018-19. Jason Hoffman, CFO for the Jefferson City School District; Richard Asbill, Superintendent for the Cassville R-IV School District, Doug Hayter of MASA, and DESE representatives will focus on identifying key areas of concern, estimating revenues and expenses

and provide a general discussion of budgeting basics. The Governor's budget recommendations for education will also be reviewed.

Registration is \$60/person. The registration fee includes workshop handouts and lunch sponsored by OPAA! Food Management and American Fidelity Assurance.


The workshop will be available live on the internet and is free for those subscribed to the MASA Online Video

Keynote Speakers



Dr. Jon Landis

Wednesday's General Session will feature **Dr. Jon Landis** who will share his insights into visionary leadership with emerging technologies in his presentation, "Mobility, Leadership, and Learning."



Steve Gilliland

Thursday's Lunch and General Session will feature the humorous and inspiring message "Making a Difference" with **Steve Gilliland**.

GET THE MASA APP!

- The MASA App will carry all conference sessions, special events and on-the-fly updates and changes.
- Download the app at Google Play or the Apple App Store.

Library; however, participants must register to be part of the live presentation.

For more information on this workshop visit www.masaonline.org and view under "Conferences & Workshops."

If you have any questions or need additional information, please contact Doug Hayter at doug.hayter@mcsa.org or Ann Ainsworth at ann@mcsa.org. To contact by phone call 573-638-4825.

We Work for You!



By Doug Hayter, MASA Executive Director

Superintendents (a position supported by MASA, St. Louis University and DESE), Sarah has provided additional assistance and professional development to our members.

On January 23, MASA posted an opening for the Director of Lead Development. The person who is hired for this job will be heavily involved in providing innovative and quality professional development opportunities for members, including overseeing mentoring.

One of the things that I appreciate about the current staff at MASA is the willingness to jump in and help with projects that may, at first blush, not seem to fit our titles. Last year our Director of Legislative Advocacy, Scott Kimble, shared that he would like to help plan the fall golf tournament. Likewise, our Director of Communications, David Luther, has done a lot of work in the area of professional development. No doubt, when the new person is hired, they will share the same philosophy of doing whatever it takes to provide members with return on their membership investment.

The MASA staff is here to help you. We embrace the MASA motto: Lead – Develop – Support. If you need assistance, never hesitate to contact us.

Here's the line-up:

Doug Hayter, Ed.D. – Executive Director: doug.hayter@mcsa.org

Mike Lodewegen – Associate Executive Director of Government Affairs: mike@mcsa.org

Scott Kimble – Director of Legislative Advocacy: scott.kimble@mcsa.org

David Luther – Director of Communications: david.luther@mcsa.org

Sarah Riss -- Director, Missouri Academy for New Superintendents: sarah.riss@mcsa.org

Ann Ainsworth – Executive Assistant: ann@mcsa.org

Elaine Hagan – MCSA Director of Office Operations: elaine.hagan@mcsa.org

Larry Rowe – Facilities Manager: larry.rowe@mcsa.org



MASA Staff. From left: Larry Rowe; Elaine Hagan; Ann Ainsworth; David Luther; Scott Kimble; Mike Lodewegen; Doug Hayter.

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2018 Legislative Session: Vouchers, Charter Schools and Budget Top List of Concerns

Mike Lodewegen, Associate Executive Director of Government Affairs



The 2018 Legislative Session is up and running and the first few weeks have been extraordinary, to say the least. With all of the noise that is dominating the airwaves and headlines, it's important that we focus on a number of important policy proposals.

Budget & Formula

As it currently stands, it appears that the foundation formula will be fully funded at an SAT of \$6,241 by the end of the 2017-18 fiscal year; furthermore, the provision of the formula to allow early childhood programs to receive state funding through the formula will be triggered for the 2018-19 school year. Additionally, the state adequacy target and the formula's thresholds will be recalculated. In order to ensure that the SAT remains at \$6,241 for the 2018-19 school year, it will require an increase of \$47 million, and in order to fully fund the recalculated SAT of \$6,308 it will take an additional \$50 million. School bus transportation is currently underfunded by \$201 million, the largest shortfall Missouri school districts have seen in recent history.

Clearly, Missouri's budget situation is far less than ideal. As lawmakers begin their work in crafting the budget, they are assuming a paltry 2.5% general revenue growth. This is due to a number of factors, three of which are the gradual phase-in of the SB 509 income tax cuts, the accidental repeal of the corporate franchise tax on out-of-state corporations, and the impact of the recently passed federal tax bill. This situation is going to make the budget process extremely contentious where numerous groups will be battling over the limited state resources.

Tax Cuts

Despite our current budget debacle, neither the General Assembly nor the Governor are being deterred from pushing for additional revenue reductions. At this time there are numerous bills filed that would seek to further cut taxes and the Governor has made a similar proposal. These bills and policy conversations will continue to be discussed throughout the legislative session.

Vouchers

Numerous voucher bills have been filed in both the House and Senate. These bills take varying approaches to implement, but the common theme in the proposals would create a funding stream to allow students to take state funding (either directly or indirectly) and enroll in private or parochial schools. These schemes all take scarce revenue from Missouri's state budget to fund a dual educational system. Not only do these proposals hurt education funding, they hurt Missouri's ability to fund vital services like mental healthcare, higher education and transportation infrastructure. Equally concerning is despite taking state dollars, these proposals all fail to place the necessary accountability measures on these schools.

Charter School Expansion

As was the case last year, there is likely to be a major push to expand charter schools across the state. Charter school expansion will impact every district in the state in one form or another, especially if the accountability measures that govern charter schools are not vastly improved.

"Why did Jesse James rob banks?" "Because that's where the money was." This is a key phrase to remember when discussing where charter schools will expand if given the opportunity. Remember, if a charter school enrolls a student from your district, the charter school will receive your district's per pupil expenditure in state, federal, and local tax dollars. When looking at the highest spending school districts per

pupil in our state, they are scattered in every region and a surprising number of them are in rural Missouri, particularly those schools on the Small Schools Grant.

Regardless of whether charter schools are expanded across the state, the process by which they open, operate, and close must be addressed. The failure rate and questionable operational practices have led to significant issues in the St. Louis and Kansas City School Districts and these same issues may be coming to all districts in the state.

It's worth noting that there doesn't seem to be any new issues popping up with this session, and with that in mind, many of our talking points from last year are still relevant. Please make sure you are staying up to date by reading the Legislative Bulletin each Friday and taking action when requested. If you ever have any questions regarding these or other legislative issues, please contact Scott Kimble, Doug Hayter, or myself.

Contribute to Better Schools for Missouri!

Better Schools for Missouri was formed as a way for supporters of public education to help elect candidates in Missouri who share the value of quality public education.

We encourage MASA members to support the action committee. You may contribute and learn more at www.betterschoolsformissouri.com or send an email to betterschools@mcsa.org. You may reach us by phone at 573-638-2692.



MASA President's Report

Stay Informed! Others Are Counting On You.

Allan Markley, Superintendent, Raytown School District



Over the past few months, how often have you heard your colleagues say, "Crazy times!" or "Unbelievable"? We really are living in a tumultuous and disconcerting era. When we look at the musical chairs at play on the State Board of Education, the firing of a respected commissioner, and now the beginning of what will surely be a red-hot legislative session, it is clear that someone must be trusted to keep staff, parents and communities informed about matters that affect school children. That someone is you!

As leaders in your educational communities, I want you to think about your role and how you can be most effective at carrying it out. First and foremost, you need to stay informed. In this case, knowledge truly is power. I encourage you to get out of your comfort zones and tackle the hard subjects. Your ability to share honest assessments supported by facts, especially as they impact your students and your schools will have a tremendous influence on those in your school community as well as your elected officials. As you know, there will be other opinions that may not line up with yours, but while diplomacy is important, stick to your guns.

While I doubt it is included on every superintendent job description, tracking school-related legislation and

understanding its ramifications should be one of your priorities. MASA is fortunate to have some outstanding people working on our behalf at the capital. Their roles including meeting with elected officials and impressing upon them the positive and negative impacts of such matters as vouchers, charter schools and budget appropriations. Each week MASA members, and other members of the School Administrators Coalition (SAC), receive the Legislative Bulletin. Read this bulletin! Highlight it and take notes. If there is something you don't understand, ask about it. The more informed you are, the greater your influence when speaking to others.

We're all different in our approach to leadership. Certainly, some of us are at ease standing in front of a group and sharing important information. At the same time, some of us are adept at having deeper conversations with a few individuals. Regardless of your style, don't sidestep the tough subjects. Be prepared for honest debate and hot-blooded pushback. People are passionate about the

education of their children and you may be challenged on your stance, but soft-peddling hard issues does no one any favors.

As a school leader sharing legislative information, you are doing grass roots work. An honest, informed conversation with those in your community can lead to the decision-forming process of elected officials. Be prepared to share the facts and illustrate them as they impact the welfare of your schools and students. When you talk about state budget reductions, give specific examples of how they negatively affect student learning in your school's classrooms. Localizing big, sweeping legislative action has a tremendous bearing on the thought process of those in your community.

Earlier in this edition of Spotlight, MASA Associate Executive Director of Government Affairs, Mike Lodewegen, discussed some of the major legislative action related to public education for this session. How will those issues affect your schools? How will a decrease in state support alter the way you provide education? Again, telling your district's story is the most powerful way to motivate your voting public and by extension, the elected officials who serve your community.

Just as it is important for community members to reach out to those in the legislature, so is it incumbent on you to do the same. Get to know your representatives and invite them to your schools. Taking time to develop relationships with the men and women who serve your communities at the state house can pay dividends in many ways. Yes, there will be issues where you may not agree, and that is where you need to exercise some diplomacy while also

As you work to keep your staff, parents and community informed of issues that affect your schools, you are planting the seeds that will grow to keep public education strong.

staying strong in your beliefs. The relationships you develop will sometimes be challenging, but they can also be rewarding on many levels.

I mentioned "grass roots" earlier. Let me offer another related metaphor: planting the seeds. As you work to keep your staff, parents and community informed of issues that affect your schools, you are planting the seeds that will grow to keep public education strong.

The legislative session started in early January and will continue through early May. I hope you will join with your colleagues across the state to stay informed and share information with others that can mean the difference in the quality of education your schools are able to provide.

As always, please contact me if I may be of assistance.