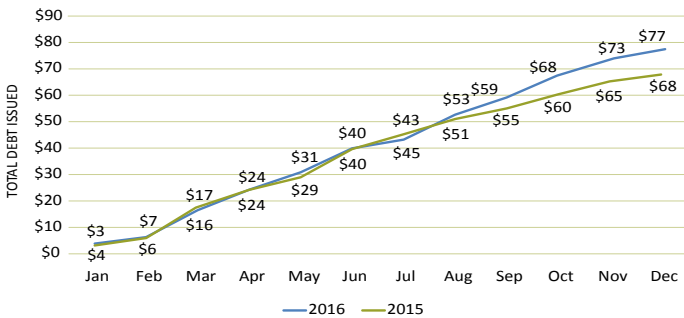


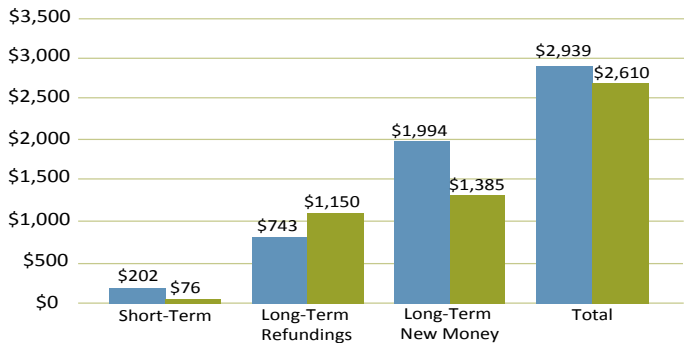
California Public Debt Issuance Monthly Data

CUMULATIVE CALIFORNIA PUBLIC DEBT ISSUANCE (IN BILLIONS)¹



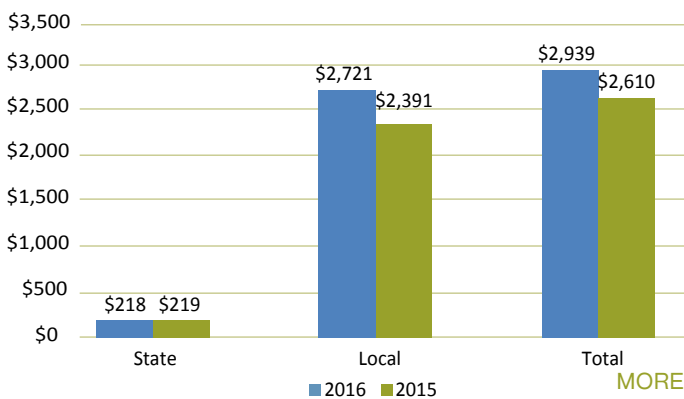
[MORE](#)

CALIFORNIA PUBLIC DEBT ISSUANCE, DECEMBER (IN MILLIONS)¹



[MORE](#)

STATE* VERSUS LOCAL DEBT ISSUANCE, DECEMBER (IN MILLIONS)¹

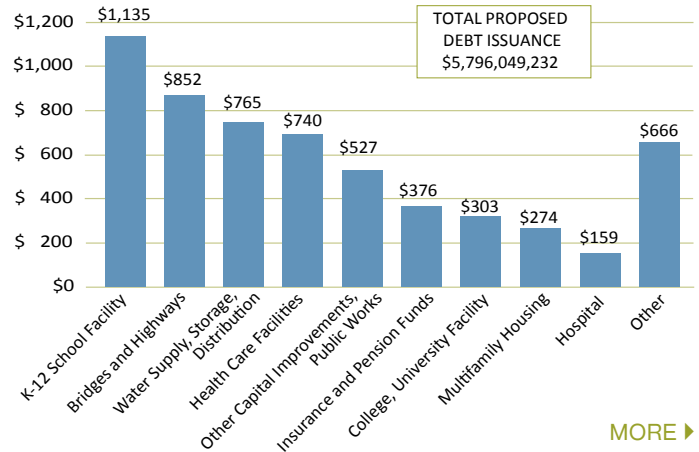


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* State issuers include the State of California, its agencies, commissions, authorities, departments and The Student Loan Corporation.

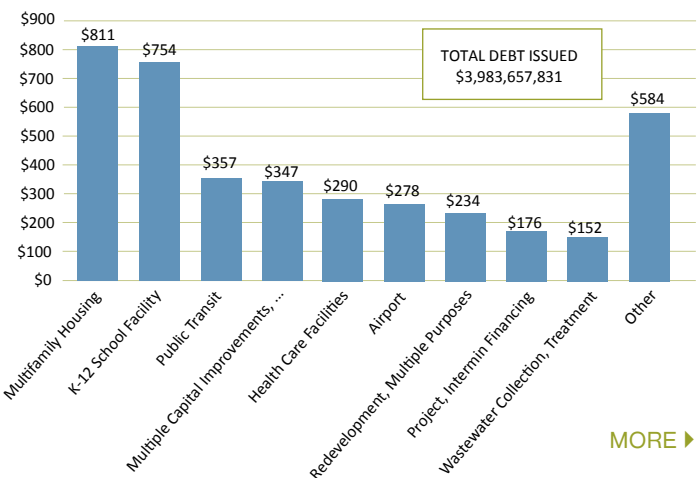
¹ Data may not include issuances reported after the 22nd day of the following month.

REPORTS OF PROPOSED DEBT ISSUANCE RECEIVED 12-16-2016 THROUGH 1-15-2017, BY PURPOSE (IN MILLIONS)



[MORE](#)

TOTAL REPORTS OF FINAL SALE RECEIVED 12-16-2016 THROUGH 1-15-2017, BY PURPOSE (IN MILLIONS)



[MORE](#)

More detailed debt issuance information is available in the monthly [Debt Line Calendar](#)

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**CALIFORNIA
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Debt Line publishes articles on debt financing and public fund investment that may be of interest to our readers; however, these articles do not necessarily reflect the views of the Commission.

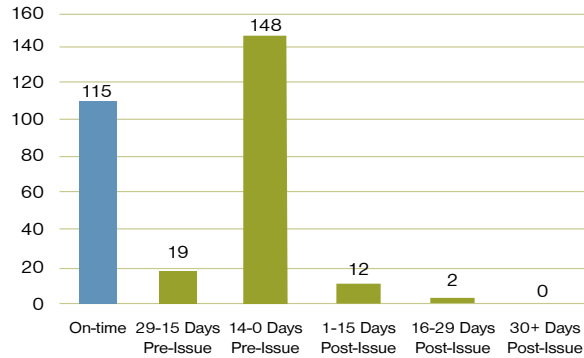
Business correspondence and editorial comments are welcome.

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DATA-CORNER

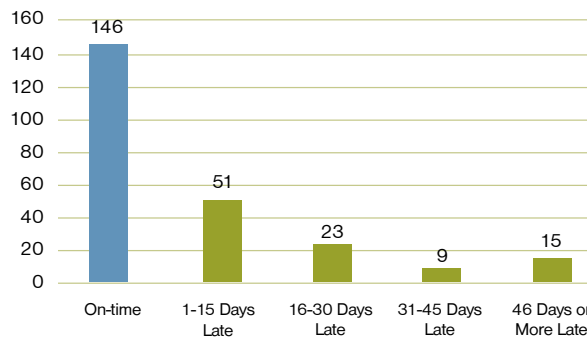
TIMELINESS OF SUBMITTAL OF REPORTS

REPORTS OF PROPOSED DEBT ISSUANCE (RPDI)s¹ RECEIVED DECEMBER 2016



¹ California Government Code Section 8855(i) states that the issuer of any proposed debt issue of state and local government shall, no later than 30 days prior to the sale of any debt issue, submit a report of proposed issuance to the commission by any method approved by the commission.

REPORTS OF FINAL SALE (RFS)s² RECEIVED DECEMBER 2016



² California Government Code Section 8855(j) states that the issuer of any debt issue of state or local government, not later than 21 days after the sale of the debt, shall submit a report of final sale to the commission by any method approved by the commission.

DATA UNIT ACTIVITY DECEMBER 2016

- ✓ Received and processed 296 RPDIs
- ✓ Received and processed 244 RFSs
- ✓ Received 130 Marks-Roos Yearly Fiscal Status Reports for FY 2015-16
- ✓ Received 2 Mello-Roos Yearly Fiscal Status Reports for FY 2015-16

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Top Municipal Market Financing Team Participants – Calendar Year 2015

Jeff Field
Data Collection and Analysis Unit

California's state and local agencies issued approximately \$75.1 billion of long- and short-term debt in calendar year 2016, an 11 percent increase over the \$67.5 billion issued in 2015¹. A review of the most active financing participants, in terms

of both total volume issued and number of deals, reveals that their market share in California roughly reflects the nationwide picture². For example, on a par amount basis, Bank of America Merrill Lynch, the leading underwriter of U.S. public debt, did not make the top five in California, and three of the top five financial advisory firms nationally barely made the rankings at all in California.

UNDERWRITERS

California's top two underwriting firms for 2016, as measured by number of deals were Stifel, Nicolaus & Company, Inc. (Stifel) with 264 and Piper Jaffray & Co. with 88 deals.

These firms maintained their rankings from the previous year. The remaining three of the top five firms are RBC Capital Markets, Morgan Stanley & Co., and Citigroup Global Markets LLC. The top five firms underwrote nearly 25 percent more deals than all of the remaining firms combined. (Figure 1).

Citigroup Global eclipsed all other underwriting firms on a par value basis by purchasing 16.7 percent of California's issuance involving an underwriter. The \$10.9 billion purchased by Citigroup Global accounted for 22.2 percent of their total purchased nationwide³. From January through December of

FIGURE 1

TOP FIVE UNDERWRITERS, MEASURED BY NUMBER OF DEALS, 2015 VERSUS 2016

JANUARY 1 - DECEMBER 31, 2015					JANUARY 1 - DECEMBER 31, 2016				
FIRM	NO. OF DEALS	PAR AMOUNT ISSUED (\$ MILLIONS)	% OF TOTAL NO. OF DEALS ^{1,2}	% OF TOTAL VOLUME ^{1,2}	FIRM	NO. OF DEALS	PAR AMOUNT ISSUED (\$ MILLIONS)	% OF TOTAL NO. OF DEALS ^{1,2}	% OF TOTAL VOLUME ^{1,2}
Stifel Nicolaus & Company Inc	284	\$9,105	26.7%	15.3%	Stifel Nicolaus & Company Inc	264	\$6,258	25.8%	9.6%
Piper Jaffray & Co	95	2,514	8.9	4.2	Piper Jaffray & Co	88	2,918	8.6	4.5
RBC Capital Markets LLC	88	3,409	8.3	5.7	RBC Capital Markets LLC	78	3,202	7.6	4.9
Morgan Stanley & Co LLC	72	5,285	6.8	8.9	Morgan Stanley & Co LLC	72	7,010	7.0	10.8
Raymond James & Associates Inc	61	942	5.7	1.6	Citygroup Global Markets Inc	69	10,861	6.7	16.7
"All Others"	462	38,086	43.5%	64.2%	"All Others"	453	34,818	44.2%	53.5%
TOTAL ALL DEALS (W/ UNDERWRITER)	1,062	\$59,341			TOTAL ALL DEALS (W/ UNDERWRITER)	1,024	\$65,067		
TOTAL ALL DEALS	2,599	\$67,500			TOTAL ALL DEALS	2,644	\$75,068		
NO UNDERWRITER ON DEAL	1,537	\$8,159			NO UNDERWRITER ON DEAL	1,620	\$10,002		

¹ Totals may not add due to rounding.

² Deals with an Underwriting Firm participating

¹ California issuance numbers include all debt reported to CDIAC on the report of final sale, including long-term and short-term financings and private placements.

² Some pool bond issues, such as TRAN pools, are counted as single transactions ("deals") here irrespective of the fact that individual records are kept by CDIAC for each pool participant. Similarly, CDIAC maintains itemized records for various purpose general obligation bond issues by the State of California, to track amounts issued pursuant to authorization statute. However, these too are counted as single transactions for the purpose of the rankings presented here.

³ <http://www.bondbuyer.com/marketstatistics/>

2016, underwriters purchased approximately 86 percent, by par amount, of the municipal debt reported to CDIAC⁴. No participation by an underwriter was reported on 1,620 deals totaling just over \$10 billion in par value.

FINANCIAL ADVISORS

California's top financial advisory firm in 2016, based on deal count, was The PFM Group/Public Financial Management, Inc. (PFM). As in 2015, PFM continued to hold on to the top spot, albeit participating in fewer deals – 542, down from 627 the prior year, a decrease of 13.6 percent. PFM acts as financial advisor to two local public agencies issuing bonds under the Property Assessed Clean

Energy (PACE) Program⁵. PACE allows a local public agency to issue loans to individual property owners to make energy efficiency improvements. While the principal amounts are low, the structure of the transactions translates into hundreds of debt issuance reports submitted to CDIAC. PACE financings constituted 81 percent of the California deals in which PFM participated, however these deals accounted for only 6 percent of the total PFM par volume. Isom Advisors/Urban Futures; Fieldman, Rolapp & Associates; KNN Public Finance (KNN), and Dale Scott & Company Inc. rounded out the top five financial advisory firms in California on a deal basis in 2016. (Figure 2)

Given the low par value PACE financing activity, PFM relinquishes its place as the leader, ranking second when using volume as a measure. Public Resources Advisory Group (PRAG) occupies the top spot by par amount, having participated in \$14.9 billion worth of issuance, but is in ninth place using deals as a measure. KNN, Montague DeRose & Associates LLC, and Fieldman Rolapp complete the top five on a par amount basis.

Based on number of deals, financial advisors participated in 63.3 percent of the reported public debt issuance during 2016, a decrease of 6.9 percent from 2015.

FIGURE 2

TOP FIVE FINANCIAL ADVISORS, MEASURED BY NUMBER OF DEALS, 2015 VERSUS 2016

JANUARY 1 - DECEMBER 31, 2015					JANUARY 1 - DECEMBER 31, 2016				
FIRM	NO. OF DEALS	PAR AMOUNT ISSUED (\$ MILLIONS)	% OF TOTAL NO. OF DEALS ^{1,2}	% OF TOTAL VOLUME ^{1,2}	FIRM	NO. OF DEALS	PAR AMOUNT ISSUED (\$ MILLIONS)	% OF TOTAL NO. OF DEALS ^{1,2}	% OF TOTAL VOLUME ^{1,2}
The PFM Group / Public Financial Management Inc	627	\$5,069	34.4%	9.3%	The PFM Group / Public Financial Management Inc	542	\$9,871	32.4%	14.9%
Fieldman Rolapp & Associates	203	5,286	11.1	9.7	Isom Advisors/Urban Futures Inc	171	2,469	10.2	3.7
Isom Advisors/Urban Futures Inc	157	2,026	8.6	3.7	Fieldman Rolapp & Associates	134	4,579	8.0	6.9
KNN Public Finance	95	7,327	5.2	13.4	KNN Public Finance	106	8,793	6.3	13.2
Keygent Advisors LLC	58	2,041	3.2	3.7	Dale Scott & Company Inc	53	1,528	3.2	2.3
"All Others"	684	33,024	37.5%	60.3%	"All Others"	665	39,144	39.8%	59.0%
TOTAL ALL DEALS (W/ FINANCIAL ADVISOR)	1,824	\$54,773			TOTAL ALL DEALS (W/ FINANCIAL ADVISOR)	1,671	\$66,385		
TOTAL ALL DEALS	2,599	\$67,500			TOTAL ALL DEALS	2,642	\$75,068		
NO FINANCIAL ADVISOR REPORTED	775	\$12,728			NO FINANCIAL ADVISOR REPORTED	971	\$8,683		

¹ Totals may not add due to rounding.

² Deals with a Financial Advisor participating

⁴ Banks or other entities purchased the debt not purchased by underwriters. In these sales, there was no firm identified as an underwriter on the Report of Final Sale submitted to CDIAC.

⁵ Governed by Street and Highways Code Section 5898.28

BOND COUNSELS

When measured by number of deals, Jones Hall supplanted Best Best & Krieger (BBK) as California's leading bond counsel firm. Jones Hall's edge can be attributed to its continued role as bond counsel for both the Los Angeles County and the California Statewide Communities Development Authority (CSCDA) PACE programs. PACE issuance accounted for 58 percent of the California deals in which Jones Hall participated. Jones Hall's margin over BBK in 2016 was narrow, however. They were responsible for 27.6 percent of deals that used a bond counsel, while BBK was responsible for 26.9 percent. Orrick Herrington & Sutcliffe, Stradling Yocca Carlson & Rauth, and

Quint & Thimmig rounded out the top five firms for 2016 on a deal basis. These same five firms occupied the top five rankings in 2015 (Figure 3).

Ranking of bond counsel firms by par amount issued produced an entirely different result. Orrick was by far the leading firm in California. In fact, deals on which Orrick was bond counsel accounted for over \$31 billion, almost three times the amount of the second-ranking firm, Stradling Yocca Carlson & Rauth. Jones Hall, Norton Rose Fulbright US, and Hawkins Delafield & Wood placed third, fourth and fifth, respectively. BBK dropped back to tenth based on par value.

Bond counsels participated in 98.1 percent of the reported financings in California during 2016, a slight decrease from the 99.4 percent in 2015.

CDIAC relies on the accuracy of the information submitted on the Report of Final Sale to analyze market trends for California public issuers. Most of the information noted above can be accessed through DebtWatch, the new open data portal of the California State Treasurer's Office at <http://debtwatch.treasurer.ca.gov>.

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FIGURE 3

TOP FIVE BOND COUNSELS, MEASURED BY NUMBER OF DEALS, 2015 VERSUS 2016

JANUARY 1 - DECEMBER 31, 2015					JANUARY 1 - DECEMBER 31, 2016				
FIRM	NO. OF DEALS	PAR AMOUNT ISSUED (\$ MILLIONS)	% OF TOTAL NO. OF DEALS ^{1,2}	% OF TOTAL VOLUME ^{1,2}	FIRM	NO. OF DEALS	PAR AMOUNT ISSUED (\$ MILLIONS)	% OF TOTAL NO. OF DEALS ^{1,2}	% OF TOTAL VOLUME ^{1,2}
Best Best & Krieger LLP	724	\$2,086	28.1%	3.1%	Jones Hal	715	\$5,954	27.1%	7.9%
Jones Hall	636	5,197	24.6	7.7	Best Best & Krieger LLP	698	1,722	26.4	2.3
Orrick Herrington & Sutcliffe	320	28,587	12.4	42.6	Orrick Herrington & Sutcliffe	305	31,189	11.5	41.5
Stradling Yocca Carlson & Rauth	262	9,005	10.2	13.4	Stradling Yocca Carlson & Rauth	298	10,718	11.3	14.3
Quint & Thimmig LLP	87	1,809	3.4	2.7	Quint & Thimmig LLP	105	1,672	4.0	2.2
"All Others"	554	20,411	21.5%	30.4%	"All Others"	472	22,269	17.9%	29.7%
TOTAL ALL DEALS (W/ BOND COUNSEL)	2,583	\$67,094			TOTAL ALL DEALS (W/ BOND COUNSEL)	2,593	\$73,525		
TOTAL ALL DEALS	2,599	\$67,500			TOTAL ALL DEALS	2,642	\$75,068		
NO BOND COUNSEL REPORTED	16	\$406			NO BOND COUNSEL REPORTED	49	\$1,544		

¹ Totals may not add due to rounding.

² Deals with an Bond Counsel Firm participating

STATE PUBLIC FINANCE LEGISLATION EFFECTIVE JANUARY 1ST, 2016

Throughout the year, the California Debt and Investment Advisory Commission (CDIAC) publishes the status of “State Legislation Affecting State and Local Governments” as part of CDIAC’s monthly Debt Line electronic newsletter as well as posting it with the “Federal Legislation Affecting State and Local Governments” to its [Regulatory Resources for Municipal Issuers](#) webpage. CDIAC’s latest legislative update reflected the status of state legislation as of October 1, 2016¹. Bills tracked by CDIAC and approved during the 2015-2016 Legislative Session that became effective January 1, 2017, are as follows:

ASSEMBLY BILLS

AB 1919 (Quirk), Chapter 745, Statutes of 2016. This bill amended Section 180260 of the Public Utilities Code to allow the premium received on the sale of bonds by a local transportation authority to be deposited into the treasury of the authority and

to be used for allowable transportation purposes. Authorities were previously limited to using premium received from a bond sale for debt service.

AB 2031 (Bonta), Chapter 453, Statutes of 2016. This bill authorizes a city or county to reject its allocations of property tax revenues that it would otherwise receive pursuant to specified statutory provisions governing the dissolution of redevelopment agencies and direct it to an affordable housing special beneficiary district². After the beneficiary district ceases to exist all funds and public records would be directed back to the city or county that originally rejected its distributions of property tax revenues.

AB 2116 (Gallagher), Chapter 129, Statutes of 2016. This bill amends Section 15100 of the Education Code so that before the governing board of a school district or a community college district may order an authorized election, it shall obtain reasonable and informed projections of assessed property valuations that take into consideration projections of assessed property valuations made by the county assessor.

AB 2476 (Daly), Chapter 269, Statutes of 2016. This bill requires the legislative body of a local agency to provide notice of a new parcel tax to the owner of a parcel affected by the tax if

that owner does not reside within the jurisdictional boundaries of the taxing entity. This bill would require the notice to include specified information and be provided to the property owner in a specified manner³.

AB 2618 (Nazarian), Chapter 796, Statutes of 2016. This bill would add seismic safety improvements to the list of improvements to facilities that can be financed by a CFD formed, under an alternate procedure, for the specific purposes of allowing voluntary participation by property owners in the Property Assessed Clean Energy (PACE) program⁴. This bill incorporates changes to Section 53328.1 of the Government Code proposed by both this bill and AB 2693. AB 2618 was chaptered after AB 2693.

AB 2693 (Dababneh), Chapter 618, Statutes of 2016. This bill amends statutes governing Property Assessed Clean Energy (PACE) financing to add consumer notice requirements and tighten financing standards for PACE loans for residential properties. This bill was superseded by AB 2618.

AB 2738 (Olsen), Chapter 472, Statutes of 2016. Prohibits a school or community college district from withdrawing proceeds from the sale of bonds for the purpose of investment outside the county treasury.

¹The 2016 Legislative calendar: August 31st was the last day for bills to be approved and sent to the Governor for signature. September 30th was the last day for the Governor to sign or veto bills that were approved by the Legislature.

²An affordable housing beneficiary district established pursuant to provisions outlined in statute.

³This bill would provide that the local agency may recover the reasonable costs of the notice from the proceeds of the parcel tax.

⁴The improvements must be necessary for compliance with seismic safety standards or regulations. CFDs formed under the alternate procedure allow property owners to opt into the CFD for the purposes of utilizing the PACE program.

SENATE BILLS

SB 879 (Beall), Affordable Housing Bond Act of 2018. The bill authorizes the submission of the Affordable Housing Bond Act of 2018 in the amount of \$3,000,000,000 to the voters at the November 6, 2018, statewide general election. Proceeds from the sale of these bonds would be used to finance various existing housing programs, as well as infill infrastructure financing and affordable housing matching grant programs.

SB 974 (Committee on Governance and Finance), Local Government Omnibus, Chapter 366, Statutes of 2016. The bill clarified and amended rating requirements contained in Government Code 53601.

SB 1029 (Hertzberg), Chapter 307, Statutes of 2016. This bill requires CDIAC to track and report on all state and local outstanding debt until fully repaid or redeemed. To accomplish this, the bill requires issuers to submit an annual report for any issue of debt for which it has submitted a report of final sale on or after January 21, 2017. In addition, this bill requires issuers to certify on the report of proposed issuance submitted to CDIAC that it has adopted local debt policies⁵. Information on the implementation of SB 1029 is available on [CDIAC's website](#).

SB 1266 (McGuire), Chapter 173, Statutes of 2016. This bill requires joint powers authorities (JPA) or joint powers agencies that provide municipal services to file joint powers agreements and amendments with local agency formation commissions (LAFCOs). Any agency or entity administering a joint powers agreement or amendment to an agreement which fails to file the notice with a LAFCO, is prohibited from issuing any bonds or incurring indebtedness of any kind until the filings are completed.

CDIAC is monitoring the new legislative session for legislation related to public finance and public fund investments. Periodic updates will be posted to CDIAC's [Regulatory Resources Issuers](#) webpage which also contains resources on selected topics of municipal market regulations and information on the municipal market's regulatory agencies.

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⁵The debt policy would include specified provisions concerning the use of debt and that the contemplated debt issuance is consistent with those local debt policies.

Municipal Market Regulatory Activity Calendar of Events

JANUARY 2017

13 MSRB received approval from the SEC of a proposed rule change consisting of (i) amendments to MSRB Rule G-10, on delivery of investor brochure; Rule G-8, on books and records to be made by brokers, dealers, and municipal securities dealers and municipal advisors; and Rule G-9 on preservation of records, and (ii) an MSRB notice regarding electronic delivery and receipt of information by municipal advisors under Rule G-32, on disclosure in connection with primary offerings. The amendments become effective on October 13, 2017.

24 MSRB submitted a Proposed Rule Change to add new MSRB Rule G-49, on *Transactions Below the Minimum Denomination of an Issue*, to the Rules of the MSRB, and to rescind paragraph (f), on Minimum Denominations, from MSRB Rule G-15.

FEBRUARY 2017

17 Comments due to MSRB on draft amendments to MSRB Rule G-26, on customer account transfers. The draft amendments are primarily designed to modernize the rule and promote a uniform customer account transfer standard for all brokers and dealers.

JUNE 2017

15 Provisions of GASB Statement No. 82, Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73, become effective for fiscal years beginning after this date.

15 Provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, become effective for fiscal years beginning after this date.

SEPTEMBER 2017

30 IRS fiscal year 2017 sequestration rates for certain qualified bonds are effective for subsidy payments until this date.

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SAVE THE DATE

CDIAC Webinars, Seminars, and Conferences

SPRING 2017

WEBINARS:

MARCH 16, 2017

Creating SB 1029-compliant Local Debt Policies

SEMINARS:

MAY 5, 2017

Developing and Administering Internal Controls for Bond Accountability, Sacramento, CA

Additional information regarding all seminars and webinars is available online www.treasurer.ca.gov/cdiac/seminars

Other Seminars and Conferences

FEBRUARY

FEBRUARY 7-10, 2017

California Society of Municipal Finance Officers (CSMFO), Annual Conference Sacramento, CA

www.csmfo.org

FEBRUARY 20-22, 2017

California's Coalition of Adequate School Housing (CASH), Annual Conference Sacramento, CA

www.cashnet.org

MARCH

MARCH 22-24, 2017

Government Investment Officers Association (GIOA), Annual Conference Las Vegas, NV

www.gioa.us

MARCH 17-21, 2017

American Society for Public Administration (ASPA), Annual Conference Atlanta, GA

www.aspanet.org

APRIL

APRIL 12-15, 2017

California Association of School Business Officials (CASBO), Annual Conference & California School Business Expo Long Beach, CA

www.casbo.org

APRIL 19-21, 2017

National Association of Bond Lawyers (NABL), Fundamentals of Municipal Bond Law Seminar Denver, CO

www.nabl.org

APRIL 26-28, 2017

California Municipal Treasurers Association (CMTA), Annual Conference Newport Beach, CA

www.cmta.org

MAY

MAY 3-5, 2017

League of California Cities, City Attorney Spring Conference, San Francisco, CA

www.cacities.org

MAY 9-12, 2017

Association of California Water Agencies (ACWA), Spring Conference and Exhibition, Monterey, CA

www.acwa.com

MAY 16-19, 2017

National Federation of Municipal Analysts (NFMA), Annual Conference, Washington, DC

www.nfma.org

MAY 16-17, 2017

California Special Districts Association (CSDA), Special Districts Legislative Days, Sacramento, CA

www.csda.net

MAY 21-24, 2017

Government Finance Officers Association (GFOA), Annual Conference, Denver, CO

www.gfoa.org

JUNE

JUNE 6-9, 2017

California Association of County Treasurers and Tax Collectors (CACTTC), Annual Conference, Anaheim, CA

www.cacttc.org

AUGUST

AUGUST 22-24, 2017

California Association of Sanitation Agencies (CASA), Annual Conference, San Diego, CA

www.casaweb.org

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Organizations may submit information on future educational seminars, meetings, or conferences by emailing cdiaceducation@treasurer.ca.gov. Publication of announcements is subject to space limitations.