

AGENDA ITEM 4 (INFORMATION ITEM) COMMISSION STAFF REPORT

CDIAC Staff Report June 23, 2015

DATA COLLECTION AND ANALYSIS UNIT

In compliance with its statutory requirements, CDIAC's Data Collection and Analysis Unit (Data Unit) maintains the California Debt Issuance Database (Database) which is considered the most comprehensive and accessible database of California public debt issuance in existence. The Database is the source for the debt statistics and analysis regularly released by CDIAC.

Data Collection

CDIAC maintains in its database reports of proposed and issued debt and annual fiscal status reports for Mello-Roos and Mark-Roos bonds that are submitted by public issuers to CDIAC. A portion of the collected data can be accessed on CDIAC's website.¹ The database contains information from 1984 to the present and is updated continuously by Data Unit staff. As of April 10, 2015, the Database contained more than 50,000 records.

For Fiscal Year 2014-15, the Data Unit received and processed 7,116 reports including Reports of Proposed Debt Issuance (RPDIs),² Reports of Final Sale (RFSs)³, Marks-Roos Local Bond Pooling Yearly Fiscal Status Reports (MKR YFSRs), Mello-Roos Community Facilities Districts Yearly Fiscal Status Reports (MLR YFSRs), and Mello-Roos/Marks-Roos Draw on Reserve/Default filings (DFDs). Figure 1 contains a breakdown of the reports processed by the Data Unit during FY 2014-15.

¹ The Data Unit receives annual fiscal status reports for Mello-Roos and Marks-Roos bonds issued after January 1, 1993 and January 1, 1996, respectively.

² Per Government Code Section 8855(i) issuers of proposed new debt must give notice to CDIAC no later than 30 days prior to the sale date.

³ During 2014, per Government Code Section 8855(j), issuers were required to submit reports of final sale to CDIAC no later than 45 days after the signing of the bond purchase agreement or acceptance of bid.

FIGURE 1**REPORTS PROCESSED, FISCAL YEAR 2014-15⁴**

TYPE OF REPORT	TOTAL
Reports of Proposed Debt Issuance	1,862
Reports of Final Sale	1,743
Mello-Roos Yearly Fiscal Status Reports	1,406
Marks-Roos Yearly Fiscal Status Reports	2,068
Mello-Roos/Marks-Roos Draw on Reserve/ Default/Replenishment Filings	37

The Data Unit has continued its transition to electronic (on-line) submission of reports and documents as the primary format for data collection. Electronic submissions enhance data collection efficiencies and help to ensure reporting accuracy. Currently, public agency issuers can submit reports using CDIAC's web-based forms, email, or traditional mail.

During FY 2014-15 a total of 3,605 of RPDIs and RFSs were received using all submittal methods. Seventy percent of RPDIs and RFSs were submitted online, while thirty percent were submitted in hardcopy form by mail or e-mail. Staff must manually enter the data contained in reports received in this manner which increases the staff work. CDIAC continues its customer outreach to determine the reasons for hardcopy submissions in an on-going effort to quickly resolve issues that may be impeding the use of online forms.

Figure 2 displays the methods used to submit RPDIs and RFSs in FY 2014-15

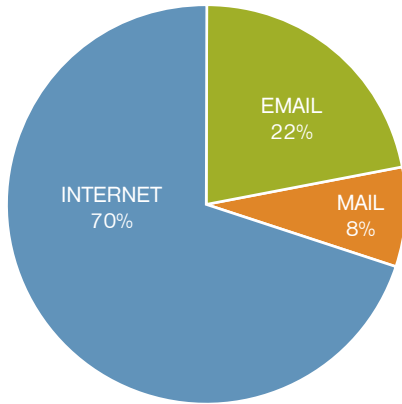
The online submission rate greatly increases when all reports are considered. More than eighty-two percent of all reports were submitted electronically versus the eighty-one percent filing rate during 2013 (Figure 3). Even though only eighteen percent of all reports were filed by traditional mail and email, this translated to approximately 1,256 reports that required manual data entry by Data Unit staff.

Since each of the mandated reports must be submitted to CDIAC within specific timeframes, CDIAC tracks the timeliness of submittal on all reports. During the period July 1 to December 31, 2014, 82 percent of the reports received by CDIAC were submitted within required timeframes.

⁴ As of April 14, 2015.

FIGURE 2

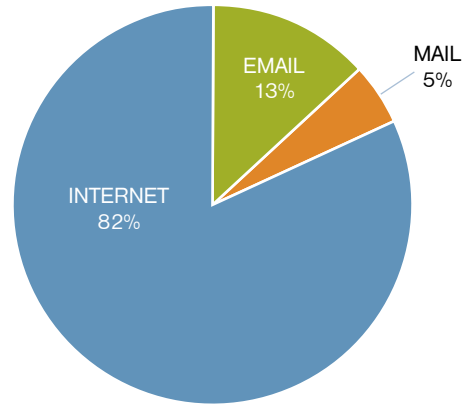
STATE AND LOCAL ISSUANCE
METHODS OF SUBMITTAL
RPDIs AND RFSs, FY 2014-2015⁵



TOTAL REPORTS RECEIVED: 3,605

FIGURE 3

STATE AND LOCAL ISSUANCE
METHODS OF SUBMITTAL
ALL REPORTS RECEIVED, FY 2014-2015⁶



TOTAL REPORTS RECEIVED: 7,116

Debt Issuance Fees

A critical function of the Data Unit is the collection of CDIAC debt issuance fees, the source of CDIAC's operational funding. CDIAC's issuance fees are assessed based on the principal amount issued and maturity length.⁷ A flat fee of \$150 is currently assessed for short-term maturities. Long-term maturities are currently assessed a fee equal to 1.5 basis points (0.015%) times the principal amount issued, not to exceed \$3,000. A detailed fee schedule is available on CDIAC's website.⁸

During the first nine months of FY 2014-15, the Data Unit issued 823 invoices, totaling approximately \$1.4 million.⁹ Figure 4 reflects the breakdown of reporting fees assessed for state and local agencies in FY 2014-15.

⁵ Reports received as of April 14, 2015

⁶ Reports received as of April 14, 2015.

⁷ Maturities of 18 months or less are considered as short-term maturities for the purpose of assessing the issuance fee. Maturities greater than 18 months are considered as long-term maturities for fee assessment.

⁸ www.treasurer.ca.gov/cdiac/reporting/feeschedule.asp

⁹ This figure represents invoices issued as of March 30, 2015.

FIGURE 4

FEES ASSESSED, STATE AND LOCAL ISSUERS, JULY 2014 TO MARCH 2015

	FEES ASSESSED	# OF INVOICES
STATE		
Long-Term Debt	\$114,393	49
Short-Term Debt	450	3
LOCAL		
Long-Term Debt	\$1,275,127	699
Short-Term Debt	16,950	72
TOTAL	\$1,406,920	823

Public Access to Debt Issuance Data

CDIAC used a variety of online methods to provide public officials and members of the public access to debt issuance data, including:

DEBT LINE NEWSLETTER. CDIAC's monthly publication, *Debt Line*, includes a monthly calendar of issues which provides comprehensive information on all reports of proposed and finalized debt issuances received during the prior month.¹⁰

ONLINE TABLES AND GRAPHS. CDIAC posts monthly California state and local debt issuance data to its website in the form of tables and graphs. Data on principal amount issued, the type of debt and the purpose of issuance is summarized year-to-date and by the month. Tables showing data for the two prior calendar years is also available on line.

ONLINE ISSUANCE DATA - EXCEL FORMAT. This report contains the same information reported on the monthly calendar of issues, but only for debt for which CDIAC has received a report of final sale. The information is provided by month as received. Aggregated data for prior years is also available.

SEARCHABLE DATABASE. State and local debt issuance data is available through a searchable database that contains information from 1984 through the present on all debt issuance reported to CDIAC. The online database was accessed more than 1,566 times during FY 2014-15.

MARKS-ROOS AND MELLO-ROOS DRAW ON RESERVES/DEFAULT REPORTS. Data on draws on reserve and defaults are posted as the reports are received. Reports are listed by issuer and date of occurrence.

¹⁰ Published in compliance with Government Code Section 8855(h)(9).

FIGURE 5

CDIAC WEBSITE ACTIVITY, FISCAL YEAR 2014-15

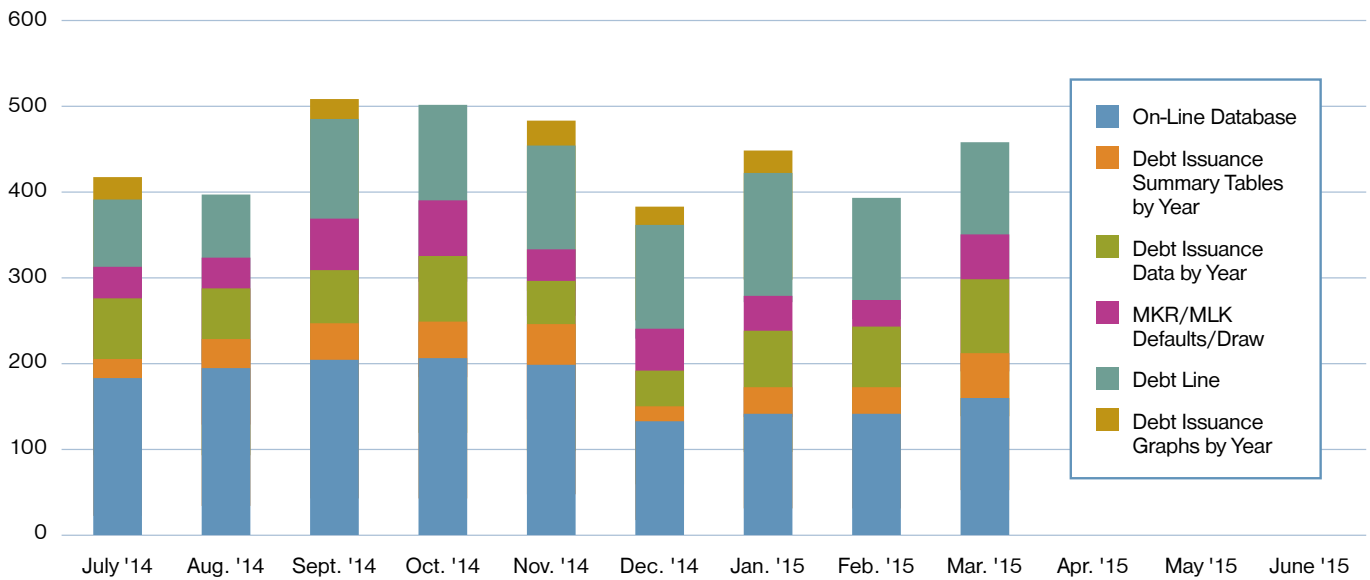


Figure 5 displays the number of “hits” or inquiries to CDIAC’s online public data during the first nine months of FY 2014-15. CDIAC recorded 4,006 hits to its website related to debt issuance data.

Reports

CDIAC published a number of summary reports, compiling data reported through the year and providing comparative trend analysis of current year versus prior year(s) issuance activity.

MARKS-ROOS LOCAL BOND POOLING ACT YEARLY FISCAL STATUS REPORT AND MELLO-ROOS COMMUNITY FACILITIES DISTRICT YEARLY FISCAL STATUS REPORT. The Marks-Roos and Mello-Roos Yearly Fiscal Status Reports received by CDIAC during the fiscal year (July 1 through June 30) are the basis for these annual reports.¹¹ In an effort to bring The Marks-Roos Bond Pooling Act Participants Yearly Fiscal Status Report to a current status, the Data Unit published two reports during 2014, reports for FYs 2006-2007 and 2007-2008. The report for FY 2008-2009 will be published in mid-2015 and staff is currently compiling and verifying data for the remaining intervening fiscal years and expects to post the remaining reports to the CDIAC website prior to the end of 2015.

¹¹ Pursuant to Government Code Sections 6599.1(b) and 53359.5(b) issuers of Mark-Roos (after January 1, 1996) and Mello-Roos (after January 1, 1993) bonds must submit Yearly Fiscal Status Reports to CDIAC.

The Mello-Roos Community Facilities District Yearly Fiscal Status Reports covering the period of July 1, 2013 through June 30, 2014, has not yet been issued at the time of this report. All prior year reports have been published. Staff expects to publish the 2013-14 report by mid-2015.

CALENDAR OF PUBLIC DEBT ISSUANCE. This annual report provides details on each public debt bond issue sold in California. Each listing includes the name of the issuer, the county, the type and purpose of the issue, the date of the sale, the principal amount of the bonds, and whether or not the issue is a refunding. Each listing also shows the interest rate, the rating, credit enhancement information, the final maturity date, and the major participants in the financings. The report is organized chronologically by issuer, beginning with the State of California and its departments and agencies, then local agencies (further sorted by county, agencies within counties, and by the sale date of the issue) and student loan corporations.

SUMMARY OF CALIFORNIA PUBLIC DEBT ISSUANCE. This annual report provides aggregate summary information by issuer on major components of debt, such as long-term and short-term debt, tax-exempt and taxable debt, and refunding existing indebtedness. The tables included in the report contain statistics on both state and local agencies broken out by type of issuer, type of debt, purpose of financing, federal taxability, and whether the all or a portion of the issue refunds existing indebtedness. Financial professionals and policy makers are able to use this report to answer the questions of who issued debt, the purpose for the issue and the type of debt that was issued.

ANNUAL REPORT. CDIAC's Annual Report provides more global analyses (as opposed to the "by issuer" structure of the previous two reports) of public debt issued in California for the calendar year. The analyses include comparisons to previous years' debt issuance levels; categories of issuance (such as, purpose of debt, competitive and negotiated, credit enhanced debt); and displays Mello-Roos and Marks-Roos issues, purpose, and defaults and draws on reserves.

Other 2014 Data Unit Projects and Initiatives

ELECTRONIC FILE STORAGE. In late 2009 the Data Unit began a project to reduce the amount of paper files stored on site by systematically reviewing, digitizing, and electronically storing all on-site paper files into an electronic document storage facility (FileNet). Staff began digitization with calendar year 2008 files. To date, all 2008 through 2010 files have been scanned and stored. The scanning process for the 2011 is approximately fifty percent (50 percent) complete. Data Unit staff now stores all documents received electronically directly into FileNet thus reducing the number of documents that will require scanning.

DATABASE UPDATES – APPLICATION BASED REPORTS. Working with the State Treasurer’s Office Information Technology Division (ITD), CDIAC was able to add a field into our existing database that will allow staff to identify the community facility district type when compiling the Mello-Roos Yearly Fiscal Status Summary Report. This change will help staff by reducing the time spent manually manipulating the data.

REPORT OF PROPOSED DEBT ISSUANCE (RPDI) AND FINAL SALE (RFS). Data Unit staff updated these two reports to reflect changes in statute and reduce staff time used for manual entry. Recent legislation requires local governments to report additional information to CDIAC both before and after the sale of debt. CDIAC updated the RPDI and the RFS to ensure ease and consistency in reporting for local agencies. CDIAC also updated the types of debt issued and the purpose of issuance to reflect market changes. ITD assisted CDIAC in the deployment of the reports to our online interface.

MARKS-ROOS AND MELLO-ROOS YEARLY FISCAL STATUS REPORTS. In concert with ITD, CDIAC made changes to both the database and the reporting forms. To reduce the time required by staff to manually enter contact data, when a report is submitted online, the contact fields in the database will be automatically updated when staff processes the report. In response to suggestions made by report filers, data fields were added to the report to clarify reserve fund balance status and issue identification.

CAPTURING PROCESS EFFICIENCIES. The Data Unit continues to work with ITD to enable issuers to easily provide data to CDIAC via the internet when submitting. RPDI and RFS for tax and revenue anticipation note (TRAN) pool financings. Currently all TRAN pool data must be manually entered by Data Unit staff. Developing web-based reports that can be electronically submitted by users will improve staff processing time.

TECHNICAL ASSISTANCE. Data Unit staff responded to 34 requests for technical assistance during the year. Inquiries for cost of issuance data on fees paid to financing team members and information on school district debt were the two most common requests. Data on Mello-Roos bonds was the third most requested item.

EDUCATION AND OUTREACH UNIT

Government Code Section 8855(h)(7) requires CDIAC to provide a continuing education program to municipal debt and investment professionals.

SEMINAR ENROLLMENT. In FY 2014-15, 1,248 municipal professionals attended educational events offered by CDIAC or in partnership with other public finance organizations, almost a 5 percent increase from FY

FIGURE 6

SEMINARS, CONFERENCES, WORKSHOPS
AND WEBINARS ATTENDANCE, FY 2014-15

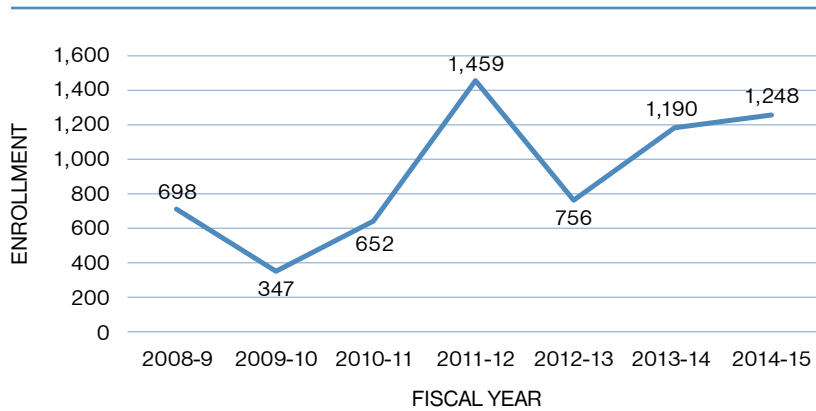
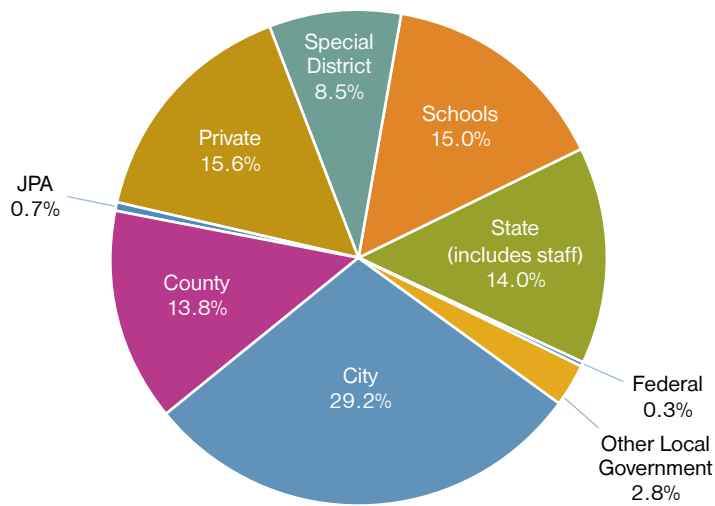


FIGURE 7

ENROLLMENT AT CDIAC EDUCATION PROGRAMS
BY AGENCY TYPE, FY 2014-15



2013-14 (Figure 6).¹² The increase in overall attendance can be attributed to an increase in the number of webinar participants.

CDIAC continues to serve its core constituency, local public agencies, through its educational programs. Over the past ten months, 70 percent of the attendees of CDIAC’s seminars have been representatives of cities, counties, special districts, and other local government entities (Figure 7).

¹² Represents ten months of data - totals as of May 5, 2015

FIGURE 8

EDUCATION FORMAT: ON-LINE VS. IN-PERSON
FY 2014-15



Webinars remain an effective mode of delivering CDIAC's educational information to a broader audience. Sixty-one percent of attendance in CDIAC's education programs was attributed to webinars (Figure 8).

Webinars

The seven webinars offered in FY 2014-15 were designed to address CDIAC's core curriculum.

INTERMEDIATE BOND MATH PART 1: BOND CASH FLOWS LITERACY. On August 7, 2014, CDIAC held the first webinar of a two part series that focused on the mathematical concepts and calculations underlying bond pricing and structure. *Bond Cash Flows Literacy* discussed the analytics of pricing and built on the fundamental concepts presented in CDIAC's Municipal Debt Essentials seminar, including concepts that form the basis of bond structuring considerations and decisions. Also explained were the yield curve, calculation of debt service, bond pricing formula and pricing conventions, cash flow and amortization schedules, and bond pricing using Microsoft Excel.

INTERMEDIATE BOND MATH PART 2: ECONOMICS AND STRUCTURES. On August 20, 2014, CDIAC held the second webinar of a two part series that focused on the mathematical concepts and calculations underlying bond pricing and structure. *Economics and Structures* introduced alternative bond structures, such as different call features and bullets, and their impact on long-term borrowing costs and bond pricing. The webinar included a discussion on callable bonds and the effect on bond pricing, mechanics and math of refundings, a comparison of non-callable and callable bonds, the differences between current interest, capital apprecia-

tion, and convertible capital appreciation bonds, and the evaluation of call options for refunding savings.

PRINCIPLES AND PRACTICES OF DEBT MANAGEMENT: EMPLOYING A DEBT POLICY. On October 22, 2014, CDIAC held a webinar that discussed the importance of local agencies establishing a debt policy and highlighted best practices for developing and maintaining a debt management policy. The webinar reflected outcomes of a survey conducted by CDIAC's research unit, which measured the key components contained in a random sampling of California municipal's debt policies. A local agency's debt management policy can assist the agency to make decisions and support efforts to identify conflicts, inconsistencies, and gaps in the agency's approach to project finance and debt management. Policies are also instrumental in setting a proper balance between limits on the use of debt financing and providing sufficient flexibility to respond to unforeseen circumstances and opportunities.

STEPS FOR REPORTING DEBT ISSUANCE TO CDIAC: REPORT OF PROPOSED DEBT ISSUANCE & REPORT OF FINAL SALE. On December 10, 2014, CDIAC held a webinar that addressed the importance of participants in debt issuance to understand the basis for reporting to CDIAC and the steps to complete the required Report of Proposed Debt Issuance (RPDI) and Report of Final Sale (RFS) forms accurately. The discussion included the reasons CDIAC gathers issuance data and makes updates to its forms, statutes governing the required reporting to CDIAC including the impact of Assembly Bill 2274 that went into effect on January 1, 2015, and step-by-step examples of completing and submitting forms online.

THE PUBLIC INVESTMENT PORTFOLIO: INVESTING IN TREASURIES. On May 21, 2015, CDIAC will offer the first of nine webinars in *The Public Investment Portfolio* series that focuses on major investment categories and the investment options within each for California local agencies. This webinar concentrates on "Treasuries," securities that are issued and backed by the full faith and credit of the U.S. government, which, pursuant to California statute, local agencies may include in their investment portfolio. In this webinar, presenters will define U.S. Treasuries, differentiate the types of Treasuries, including bills, notes, bonds, etc., explain price and yield information, discuss the market risk of investing in Treasuries, describe how public investors should interpret Government Code section 53601(b), and describe the role Treasuries can play in an investment portfolio.

THE PUBLIC INVESTMENT PORTFOLIO: DEMYSTIFYING THE WORLD OF AGENCIES. On June 17, 2015, CDIAC will offer the second of nine webinars in *The Public Investment Portfolio* series. This webinar will center

on agency bonds that are issued by two types of entities: government-sponsored enterprises (GSEs), which are usually federally-chartered, but privately-owned corporations; and federal government agencies, which may issue or guarantee these bonds to finance activities related to public purposes. Supranational and international institutions, such as the World Bank, issue debt securities that may also be considered as an investment option by some public agencies. This webinar will examine each instrument type, review the statutory authority, explain bullet and callable structures and analyze how the investment's features may or may not achieve a local agency's investment policy objectives.

THE PUBLIC INVESTMENT PORTFOLIO: WHEN IT MAKES SENSE TO BUY MUNICIPALS. On June 24, 2015, CDIAC will offer the third of nine webinars in *The Public Investment Portfolio* series. This webinar will highlight municipal securities ("munis") that are purchased either in the primary market when an issuer sells a new bond or in the secondary market from another investor. This webinar will provide an in-depth discussion of muni investing by public agencies and will include the different types, Government Code authorizing the investment, analysis of the risks and benefits, and how they may or may not meet the objectives in the investment policy and plan.

TECHNICAL ASSISTANCE PROVIDED TO OTHER BOARDS/COMMISSIONS/AGENCIES/DIVISIONS WITHIN THE STATE TREASURER'S OFFICE. CDIAC supported the efforts of three agencies within the STO to conduct webinars. The California Debt Limit Allocation Committee (CDLAC) presented a webinar on how to navigate and submit Qualified Residential Rental Program applications in their new online application system. The California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) hosted two webinars. The first presented and discussed the proposed regulatory text that staff developed as a result of stakeholder feedback on the Single Family Loan Program. The second was a roundtable that solicited feedback on the Small Business Lease Program to assist CAEATFA in developing the request for proposal to be used to select lease providers for off-bill and on-bill repayment versions of the pilot. The California School Financing Authority (CSFA) also held two webinars. The first discussed the Incentives Grant application process and its updated regulations, along with the California School Facility Grant Program 2014-15 invoice process including the new invoice wizard, other costs eligible for reimbursement and acceptable supporting documents. The second covered the CSFA 2015-16 grant application that was made available on April 7, 2015, and detailed the proper way to complete the application, updated regulations, eligibility criteria and supporting documents. With CDIAC's assistance, these agencies were able to reach 338 of their constituents.

Seminars

In FY 2014-15, CDIAC hosted two seminars.

MUNICIPAL DEBT ESSENTIALS. On March 17-19, 2015, CDIAC hosted a three-day seminar series that forms the core of CDIAC's debt education programming. Each day of the series was designed to build upon the concepts presented the previous day. The series began with Day 1: Debt Basics, which supplied the foundational concepts for issuing debt, including discussions of both long-term and short-term financing options as well as a clarification of the roles of debt issuers and financing team members. Day 2: Accessing the Market, provided an understanding of the strategic planning that occurs prior to debt issuance with regard to debt policy, debt affordability, structuring and pricing. Day 3: Debt Administration explained the fundamental responsibilities of debt administration after bond issuance with discussions of debt service, arbitrage, investing, refunding and continuing disclosure.

LAND-SECURED FINANCING CURRENT TOPICS AND PRACTICES. This one-day seminar, held on May 1, 2015, discussed the current status of the California real estate market and its effect on land based financings. Updates were presented on recent and pending legislative and legal matters, the management of delinquencies and foreclosures, the strategies of forming districts and managing the tax burdens after formation, as well as the management of the bond proceeds and the disclosure of material events.

Educational Partnerships

In FY 2014-15, four of CDIAC's trainings were delivered collaboratively through partnerships with the Land Use and Natural Resources, University of California, Davis Extension (UCDE), *The Bond Buyer*, and the State Treasurer's Office Public Finance Division (PFD).

CDIAC AND LAND USE AND NATURAL RESOURCES, UCDE – FUNDING AND FINANCING OF MAINTENANCE AND PUBLIC INFRASTRUCTURE USING SPECIAL ASSESSMENTS: APPROACHES FOR ACHIEVING SUCCESSFUL OUTCOMES. On September 18, 2014, CDIAC collaborated with UCDE to discuss the state of uncertainty that surrounds special assessment districts in California and how this has led to a decline in the use of this tool to pay for public maintenance and capital improvement projects. The presentation considered the implications of several court rulings, how practicing assessment engineers and other public finance professionals have responded, and the opportunities to use assessment districts in the future.

CDIAC PRE-CONFERENCE AT THE BOND BUYER'S 24TH ANNUAL CALIFORNIA PUBLIC FINANCE CONFERENCE – ALTERNATIVE FINANCING IN THE MUNICIPAL MARKET: FINANCIAL AND POLICY CONSIDERATIONS. On Oc-

tober 8, 2014, CDIAC marked its 13th year of collaboration with *The Bond Buyer*. CDIAC hosted a one-day seminar designed to explore the changing practices of municipal borrowers and lenders and the implications of alternative financing on municipal finance. The program also highlighted the confluence of economic, market and policy trends that may introduce yet unperceived risks that require new forms of analysis and reporting.

CDIAC AND THE STATE TREASURER'S OFFICE PUBLIC FINANCE DIVISION - BASICS OF DEBT FINANCING. On December 3, 2014, CDIAC collaborated with the Treasurer's Public Finance Division to present a two and a half hour question and answer forum for the staff at the Legislative Analyst's Office. The discussion highlighted the role municipal bonds play in public debt financing, the State constitutional debt limit, and the current condition of the bond market, including tax and tax exempt status. The program also addressed the basic debt types used by local public agencies and the State to finance capital assets and manage cash flows.

RESEARCH UNIT

California Government Code Section 8855(h)(5) authorizes CDIAC to undertake research projects that improve practices or reduce the borrowing costs of public issuers in California. Since the Commission's last meeting on June 10, 2014, CDIAC staff have either initiated or completed the following research assignments.

Completed Projects

BOND AND TAX MEASURES APPEARING ON THE 2014 PRIMARY BALLOTS: RESULTS OF THE 2014 PRIMARY ELECTION. This bi-annual report provided a detailed analysis of the certified results of the bond and tax elections held in June 2014 General Election. Also included were detailed listings of each bond and tax measure by county, region, type of tax or debt, and purpose.

BOND AND TAX MEASURES APPEARING ON THE 2014 GENERAL BALLOTS: RESULTS OF THE 2014 GENERAL ELECTION. In this bi-annual companion to the report on the primary election, CDIAC provided a detailed analysis of the certified results of the bond and tax elections held in November 2014 General Election. Also included were detailed listings of each bond and tax measure by county, region, type of tax or debt, and purpose.

GREEN BONDS. This issue brief provided a short summary of Green Bonds, how they are structured, how they differ from traditional bonds, and whether they are viable debt structures or investment instruments for local governments in California.

LOCAL AGENCY INVESTMENT GUIDELINES: UPDATE FOR 2015. CDIAC, working collaboratively with industry contacts, reviewed and updated the CDIAC Local Agency Investment Guidelines. This document provides references and recommendations (developed by public and private sector professionals) for interpreting and applying California statute to common public fund investment topics related to local agencies. The 2015 Update reflected statutory changes effective January 1, 2015.

Commissioned Study Completed

THE BAY DELTA CONVEYANCE FACILITY: AFFORDABILITY AND FINANCING CONSIDERATIONS. In 2012, the California Resource's Agency requested that the State Treasurer's Office produce an independent financial review of the Bay Delta Conveyance Facility. To fulfill this request, CDIAC contracted with Blue Sky Consulting LLC to provide a preliminary assessment of the affordability and financing considerations of the Bay Delta Conveyance Facility. The final report was delivered November 2014.

Initiated Projects in Progress

ASSET BACKED/MORTGAGE BACKED SECURITIES. This issue brief will provide an overview of asset-backed and mortgage-backed securities, identify the risk associated with these investment products in a public portfolio, and describe the current status of proposed federal initiatives that may affect these securities.

DIRECTED COMMUNITY INVESTMENTS. This issue brief will provide an overview of directed community investment programs, identify characteristics of successful investment programs, and discuss how California public agencies have made these investments under the existing Government Code.

INDEPENDENT REGISTERED MUNICIPAL ADVISOR (IRMA) DISCLOSURE. This issue brief will review the IRMA exemption contained in the Municipal Advisor's (MA) Rule and address how issuers utilize this exemption. The brief will examine the steps municipal issuers have taken to address the IRMA exemption and incorporate it into their debt issuance process, assess which municipal issuers have publicly posted IRMA exemption letters, provide a profile of issuers that have publicly posted IRMA exemption letters, and compare the text of the existing letters.

INFRASTRUCTURE FINANCING DISTRICTS (IFDs). CDIAC will examine IFDs in this issue brief with a focus on the newly authorized Enhanced Infrastructure Financing Districts (EIFDs). This review will analyze the limitations of the new law, explain how tax increment revenues are diverted, identify eligible projects, and compare IFDs to EIFDs.

ON-LINE REGULATORY RESOURCES. CDIAC will develop a webpage that contains information on evolving regulatory topics in public finance including the Municipal Advisor Rule and MSRB Rule G-17.

RESEARCH RESOURCE DATABASE. CDIAC will develop a proposal to create an internal research resource database that will bring together municipal finance information from a variety of sources in a searchable central repository to facilitate the development and enhancement of CDIAC's research, data analysis, and educational programming.

SUMMARY OF CDIAC'S PRECONFERENCE AT *THE BOND BUYER* ON ALTERNATIVE TRADING SYSTEMS. CDIAC will publish a summary of the discussion on alternative trading systems to be held at CDIAC's Preconference at *The Bond Buyer's* annual California Public Finance Conference on October 21, 2015.

UPDATE TO THE CALIFORNIA DEBT ISSUANCE PRIMER. As a result of the market crisis of 2008 and the resulting market reform, CDIAC contracted with Nixon Peabody LLP to perform an update and redesign of the *California Debt Issuance Primer*, a nationally recognized resource for debt issuance information last updated in 2006. CDIAC expects to continue to work closely with Nixon Peabody LLP and its team of professionals to bring the new *California Debt Issuance Primer* to completion in the first half of 2016.

Ongoing Activity

OUTREACH AND COLLABORATION WITH PUBLIC FINANCE ORGANIZATIONS. CDIAC continues to work with public finance organizations, public agencies and research organizations to identify and assess new forms of public debt and investments coming into the market. This collaboration helps to keep CDIAC informed of market trends and emerging products and practices to produce research that is timely and relevant.

DEBT AND INVESTMENT LEGISLATION AFFECTING STATE AND LOCAL GOVERNMENTS. CDIAC monitors the status and maintains an inventory of important state and federal legislation affecting public finance, municipal bond issuance, and public funds investing. Published periodically in Debt Line during the legislative session, the online inventory includes helpful links to the most current information on pending legislation.

DEBT LINE. CDIAC will continue to publish Debt Line, a monthly newsletter including issuance statistics and analysis, research articles penned by CDIAC staff, important dates and details arising from MSRB and SEC regulatory activities, and announcements of educational programming produced by CDIAC and allied organizations.

EDUCATION PROGRAM SUPPORT. The Research Unit will provide support to the Education Unit in their 2014-15 programs.

TECHNICAL ASSISTANCE. The Research Unit will continue to provide information and assistance to local agencies and the general public on matters related to public debt and investments.

Proposed Projects and Activities

DATA WAREHOUSE. Develop a plan to procure and create parallel or complementary data sets to expand the utility of CDIAC debt issuance data. The concept of the Data Warehouse is to provide internal and external researchers with a “go-to” source for data relevant to the study of public financial management by combining CDIAC’s municipal debt data with a wide variety of available economic and demographic data.

UPDATE TO THE CALIFORNIA PUBLIC FUND INVESTMENT PRIMER. A needs assessment will be conducted on the current Investment Primer to determine the need to update the Primer.

DISCLOSURE PRIMER. CDIAC will develop a concept to create a primer on municipal market disclosure. It is envisioned this primer would be a companion to the *California Debt Issuance Primer* and provide a detailed desk-reference for public finance officials on disclosure requirements and best practices.

Future Projects Scheduled for Completion During 2015

UPDATE OF LOCAL GOVERNMENT GENERAL OBLIGATION BOND ISSUANCE TRENDS (2005-2015). In 2008, CDIAC published *An Overview of Local Government General Obligation Bond Issuance Trends (1985-2005)*, which focused on the changes in the volume of general obligation (GO) bonds. This issue brief will update the 2008 report by addressing GO bond issuance activity from 2006 to 2014 and examine any changes in issuance patterns.

PRIVATE ACTIVITY BONDS (PABs). This issue brief will provide an overview of private activity bonds (PABs) including issuance trends, eligible projects/purposes and limitations on use. The brief will also examine potential changes to the market that may affect the use of PABs.

WHITE PAPER - OUTCOMES OF TASK FORCE ON BOND ACCOUNTABILITY. As staff to the Treasurer’s Task Force on Bond Accountability, CDIAC will develop and publish a white paper that will present the Task Force’s findings and recommended practices for public agencies to ensure that bond proceeds are used in a manner consistent with the intended purpose, proper accounting, and transparency.